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2024

# Annual Business Survey Report

## on Chinese Enterprises in the United States

June, 2024

# CATALOGUE

# 01.

# Chairman's Message

Dear friends,

I am delighted to share with you China General Chamber of Commerce – USA (CGCC)'s 11th Annual Business Survey on Chinese Enterprises in the United States, produced by the CGCC research team. This research has received active participation and strong support from nearly a hundred Chinese enterprises operating in the United States. The survey provides first-hand data and valuable information to help us better understand the current operating conditions and various challenges faced by Chinese companies in 2023. It also serves as an important reference for deepening mutual understanding and cooperation among members of the U.S.-China business communities.

The U.S. and China are both facing multiple challenges including inflation, market fluctuations, and supply chain disruptions brought about by the economic transformation. In this complex context today, how to tackle these problems has become an urgent issue for business leaders and policymakers in both countries.

Experience has shown that only through multilateral cooperation and policy coordination can global economic challenges be effectively addressed. Under the guidance of the "San Francisco Vision" outlined by the Presidents of China and the United States, companies from both sides need to strengthen communication and coordination to reduce unnecessary trade frictions and policy barriers, fostering a more stable and open bilateral trade environment. This will not only help promote the recovery of the two countries' economies but also lay a solid foundation for the sustainable development of the global economy.

The data collected in this report reflects the precise perspective of Chinese enterprises operating in the U.S., and through analysis and interaction with company executives, it reinforces the following key trends:

1. **Surveyed companies' negative perceptions of the business and investment environment in the United States have increased, investment intentions have somewhat declined, but the goal of engaging and the U.S. market remains clear.**
2. **Chinese companies experienced a significant performance downturn in the United States last year, similar to the initial year of the pandemic (2020), with an increase in the number of companies reporting declining profit margins.**
3. **Pessimism about the future U.S.-China bilateral and trade relations continues to rise, but the overall expectations for long-term revenue trends remain optimistic.**

By comparing the survey results over the past decade, we can clearly see that regardless of prosperity or adversity, Chinese companies have demonstrated outstanding resilience, positive influence, full synergies, and continuous optimism in adapting to the U.S. market and achieving sustainable developments.

From a longer-term perspective, trade and investments have always been the cornerstone of the U.S.-China relations. Despite the various uncertainties, after more than 40 years of successful cooperation, China remains the United States' third-largest trading partner and its largest importer. Trade between the world's two largest economies has brought new market opportunities for each other, diversified consumer choices, promoted two-way investments, created and supported millions of jobs, alleviated poverty, and enhanced the influence of global rule of law and government and non-governmental institutions. It also helped make significant contributions to addressing global issues such as climate change. The cumulative synergies and benefits brought about by the U.S.-China cooperation far outweigh the risks. As the world gradually adapt to the new dynamics, the strategies, policies, and priorities of Chinese companies are constantly evolving. Flexible and agile business strategies and localization blueprints are being formulated and implemented to ensure long-term prosperity and development.

CGCC is privileged to be a participant and witness of the economic and trade cooperation between the United States and China. As the largest non-profit, non-governmental business organization bridging American and Chinese enterprises in the U.S., we remain committed to promoting cooperation and understanding between two countries. We will continue to provide support and resources to our members and work together with our partners to create a more favorable business environment.

Here, I sincerely appreciate the great support that friends from all walks of life have given to CGCC. Specifically, I would like to thank all the participants in this survey for their valuable contributions. Your feedback is essential in helping us understand the needs and concerns of Chinese businesses in the U.S. We look forward to continuing our work together in the next 10, 20 and more years to come.

Sincerely

**Wei HU**

Chairman, China General Chamber of Commerce – USA

President and CEO, Bank of China U.S.A

# 02.

# Executive Summary

The global economy grappled with the dual challenges of post-pandemic economic recovery and heightened geopolitical risks including the Russia-Ukraine conflict, the Israel-Hamas conflict, and U.S.-China tensions. These factors collectively intensified the pressure on global economic growth. Consequently, market sentiments and various observers held a pessimistic outlook for U.S. economic development in 2023, with numerous scholars, investment research institutions, and media forecasting an economic recession.

Contrary to these expectations, the U.S. economy demonstrated a robust performance in 2023 particularly in GDP growth and employment - the two most critical indicators. The actual GDP growth rate for 2023 was 2.5%. While this figure was lower than the 5.9% rebound in 2022 and the average growth rate of 3.3% from 2019 to 2021, it markedly exceeded the earlier pessimistic recession forecasts. The labor market also exhibited strength with an average unemployment rate of 3.7%, maintaining the low levels seen in recent years and approaching historic lows.

Despite these positive developments, the U.S. economy in 2023 continued to face significant pressure from prolonged high inflation. Persistently high prices imposed a substantial burden on middle and low-income populations, exacerbating the social wealth gap. Additionally, increased production and operational costs posed greater challenges to businesses profitability.

Throughout 2023, U.S.-China relations remained strained, characterized by increased tariffs on specific goods imported from China, stricter export controls in high-tech fields, and heightened scrutiny of mergers and acquisitions involving Chinese entities. Nevertheless, diplomatic and business exchanges persisted, exemplified by the meeting between Chinese President Xi Jinping and U.S. President Joe Biden in San Francisco in November 2023. These engagements indicated ongoing efforts to seek avenues for consensus.

Against this backdrop of geopolitical and economic uncertainty, the CGCC's Annual Business Survey on Chinese Enterprises in the U.S. entered its 11th year. Our survey, conducted amidst this mixed domestic economic recovery and dynamic U.S.-China bilateral relationship, focused on three major topics to capture the overall sentiments of Chinese enterprises in the U.S. The survey yielded the following key observations and findings:

**1** **The survey revealed a noticeable increase in negative sentiments concerning the overall U.S. business and investment environment, with many firms indicating a contraction in investment intentions. Despite this, it's encouraging to observe that companies remain committed to deepening engagements with U.S. consumers.**

The proportion of companies with negative sentiments about the U.S. business and investment environment was approximately 3:2 compared to those with neutral or positive sentiments. Over 60% of the surveyed companies reported a deteriorating environment; 27% did not perceive any significant change; only 13% noted a slight improvement compared to the previous year.

Compared to the previous year, the most noticeable change in 2023 was the complete absence of the "very satisfied" rating across multiple specific evaluation indicators of the U.S. business and investment environment. This is a stark contrast to 2022, where the "very satisfied" rating was present in every evaluation category. The shift highlights a clear decline in overall sentiment among the surveyed companies, indicating increasing concerns and challenges faced in the current business climate.

"Strengthening and expanding" remains the foremost objective of Chinese companies in the U.S. Among these, "improving profitability" accounts for 71% of feedback, while "recovering/growing existing business" accounts for 61%.

**2** **Annual Performance of Chinese Companies in the U.S. in 2023: the profit margin distribution showed a significant decline, reminiscent of the early pandemic period in 2020. Notably, there was an increase in the**

**number of companies experiencing a decline in profit margins over the years.**

The overall revenue trend in 2023 continued the clear decline that began in 2022. The proportion of companies with revenue increases of up to 20% remained stable at 25%. However, those achieving stronger growth (≥20%) significantly shrank to 7%. The proportion of companies experiencing declining revenues increased, particularly in the category of more significant declines (≥20%), which rose from 13% in 2022 to 21% in 2023. This trend marks a notable shift from the strong rebound year seen in 2021.

The challenging market environment broadly impacted companies' profitability levels. The profit margin distribution in 2023 closely resembled that of 2020, the early pandemic year, with the proportion of loss-making companies at 32% in 2023 compared to 33% in 2020, making the most severe levels in the past six years; at the same time, the proportion in the highest profit margin category (EBIT ≥15%) was at its lowest level in six years, at just 11%, highlighting the significant profitability pressures faced by businesses.

3 **Outlook on the Macro Environment and Adjustments to Corporate Investment Strategies: In 2023, Chinese companies in the U.S. exhibited increasingly pessimistic sentiments regarding future U.S.-China bilateral and economic relations. The proportion of companies expressing concerns rose significantly compared to the previous year. However, a notable degree of long-term optimism persisted, with the majority expressing positive future revenue expectations. Nearly 90% of companies maintained or planned to increase their investment levels, reflecting a commendable sense of optimism, determination, and resilience.**

The year of 2020 marked a significant turning point in Chinese enterprises' assessments of the U.S.-China bilateral and economic relations. From 2021 onwards, the proportion of respondents expecting deteriorating relations increased significantly compared to previous years.

In 2023, the proportion of respondents expressing higher concerns increased, reflecting growing apprehension about the business environment.

The slowdown in future investments has stabilized over the past four years. However, the proportion of companies optimistic about investment growth has continued to increase. Overall, in 2023, nearly 60% of Chinese enterprises in the U.S. aimed to maintain stable investment levels, 30% planning to increase investment, and only about one-seventh of companies intended to reduce investments. This indicates a cautious but optimistic outlook towards future investments.

In the current challenging market, Chinese enterprises in the U.S. demonstrated a significant divergence in confidence and performance.: While some companies across various industries faced pressure with declining revenues and profits, others achieved counter-trend growth, maintaining strong confidence and continuing investments. This divergence in performance, more pronounced than in the past, highlights that corporate strategies and management capabilities can result in varied development trajectories even under the same external conditions. Identifying unique opportunities in challenging environments and fully leveraging internal management potential will be crucial for effectively addressing these challenges.

**Recommendations for Existing Chinese Companies in the U.S.**

1. Prioritize building/enhancing internal capabilities by identifying and leveraging the structural and comparative advantages within your industry, to cope with external challenges.

2. Foster communication to learn from the best practices across industries; leverage technological innovations, the pioneering AI technologies for instance, and talents available in the U.S. to achieve better integration and growth.

3. Align the business logic/operations with the consumption-driven nature of the U.S. economy.

4. Fully leverage advanced professional services in the U.S. on critical areas such as strategy, finance, legal, and human resources; invest in brand building to integrate more effectively into the competitive landscape.

**Recommendations for Chinese Companies Entering the U.S.**

1. Anticipate and strategically plan for a complex and challenging macroeconomic environment, while staying confident about the U.S. market.

2. Utilize the advantages offered by external professional services, including access to cutting-edge information, talents, and industry-specific services. Prepare as comprehensive as possible for the market entry.

3. Promote talent localization to enhance operational effectiveness. Establish a forward-looking brand image that aligns with the product offerings and marketing strategies.

4. Align the business logic/operations with the consumption-driven nature of the U.S. economy. Develop clear business growth strategies that align with consumer behaviors and market trends.

5. Connect and communicate with successful Chinese companies in the U.S. through social/service networks, such as chambers of commerce to learn from their experiences, and to gain a comprehensive understanding of the U.S. business environment.

# 03.

# Methodology and Demographics

# 3.1 Survey Methodology

The Annual Business Survey Report on Chinese Enterprises in the U.S., first published in 2014 by China General Chamber of Commerce – USA (CGCC) and CGCC Foundation, is a flagship report that aims to identify key trends and business sentiment of Chinese enterprises in the U.S. to enable readers to gain deeper insights into the experiences of Chinese companies operating in the U.S.

This report is based on CGCC's 10th Annual Business Survey on Chinese Enterprises in the U.S. The data was collected through a survey of senior executives of the U.S. operations for Chinese companies. This year's survey was conducted in April and May of 2024 and includes nearly 100 corporate responses. This report outlines the major survey and interview findings and is linked to historical data from prior CGCC surveys, where available.

CGCC developed and distributed the survey questionnaire, complied the data from the survey results, identified outlying themes, cross-referenced the data with previous surveys, and drafted the report.

The publication is composed of two sections: the core report, which includes narratives of key findings and analyses based on survey results with historical data for select questions; and advice for Chinese companies. CGCC is grateful to its members, collaborators, and all participating companies for their contributions in this important research.

# 3.2 Survey Demographics

As shown in Figure 1, respondents include a broad range of all 11 sectors in the Global Industry Classification Standard (GICS). Similar to prior years, in this year's overall sample of interviewed companies, financial institutions constitute the largest proportion, reaching 23%, followed by industrial enterprises at 20%.

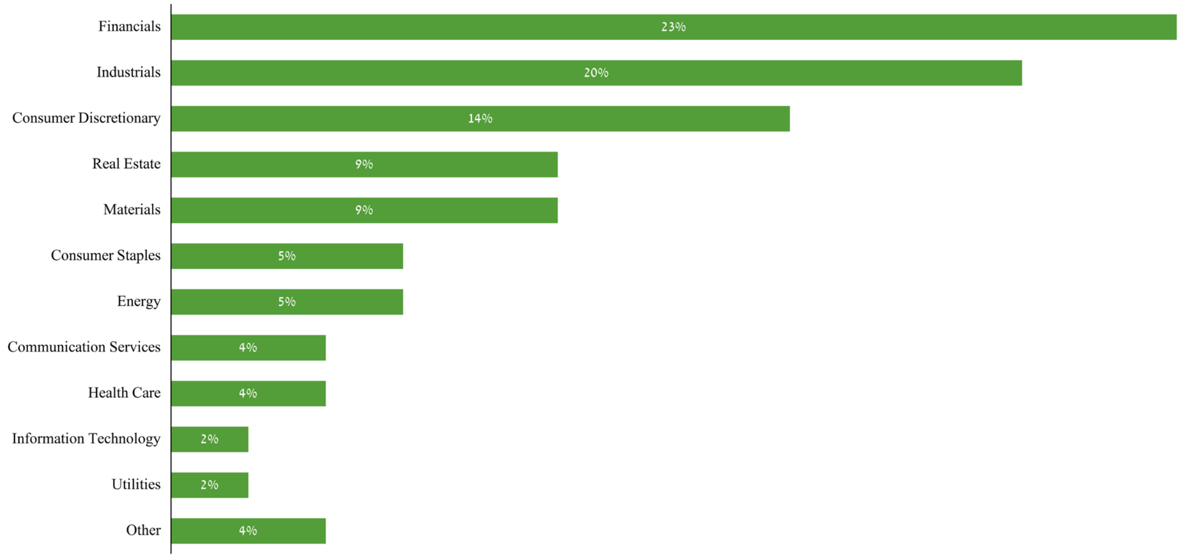



Figure 1: The distribution of respondents' primary industry sectors of operation in the U.S.

Regarding the starting year of establishing their business entities in the United States among the surveyed companies, Figure 2 shows that the most enterprises began operations in 2013, followed by 2014 and 2007. Overall, companies established after 2007 constitute a larger share among this year's surveyed entities.

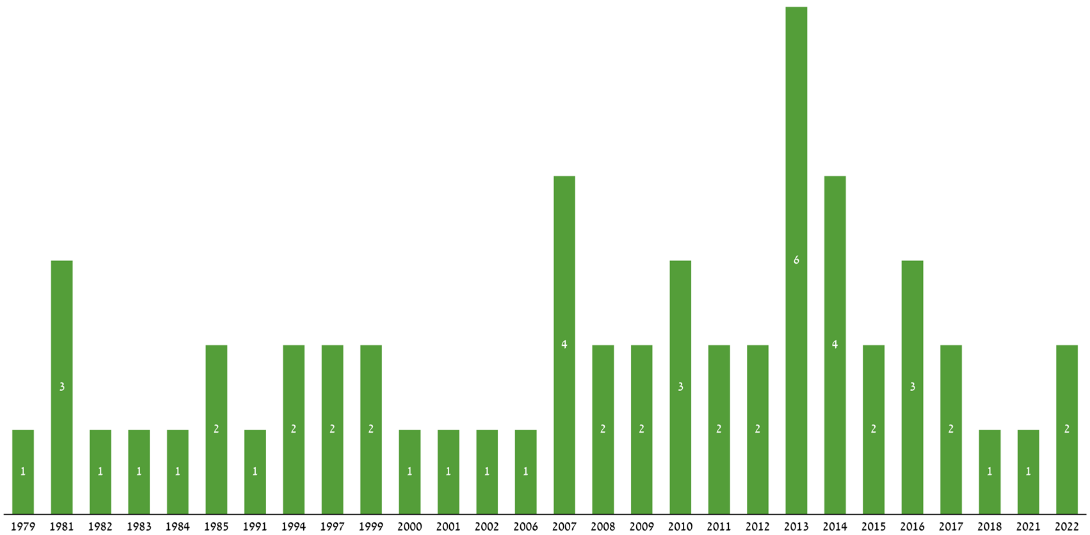



Figure 2: The distribution of years when respondents established their first business entities in the U.S.

This year, the distribution of operational sites and facilities of surveyed companies in the United States closely aligns with the country's major economic hubs. As shown in Figure 3, California on the West Coast hosts the densest concentration of operational sites and facilities for Chinese-funded enterprises in the U.S., totaling 40, which accounts for 23.2% of the total 172 sites and facilities surveyed, nearly a quarter of the total. New York State on the East Coast follows with a total of 30 sites, constituting 17.4% of the total. Texas ranks third with 18 sites, comprising 10.5% overall. It's important to note that the distribution map only reflects the business layout of surveyed enterprises in the U.S. this year, providing a general overview of their geographical presence.

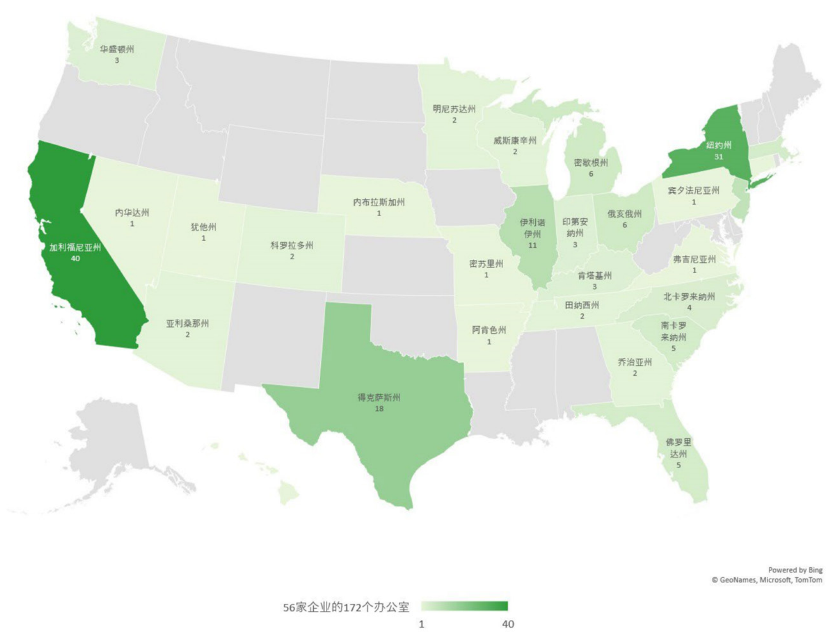



Figure 3: The geographical distribution of respondents’ business operations in the U.S.

According to the total number of employees of the respondents this year, the majority of them are small-to-medium-sized companies with fewer than 100 employees, accounting for 64% overall. Specifically, micro-companies with fewer than 10 employees constitute 23%, small ones with 11-50 employees make up 27%, and medium-sized companies with 50-100 employees account for 14%. Larger enterprises with over 100 employees comprise 36% of the total, with the majority falling into the range of 100-500 employees, making up 21% of the entire sample. Large enterprises with more than 500 employees, indicating a substantial scale, account for 14% of this year's surveyed sample.

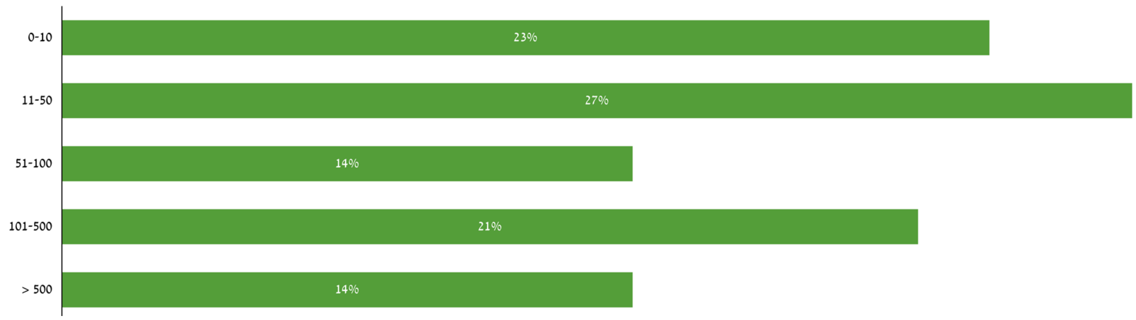



Figure 4: The total number of employees respondents hired in the U.S.

Taking the employment structure perspective, significant progress has been made towards "U.S. localization" by Chinese companies. A total of 35% of the sampled companies report that Chinese employees in their U.S. operations constitute less than 1% of their workforce (indicating a high degree of localization). Additionally, 24% of respondents report that Chinese employees make up less than 10% of their workforce. Together, these categories account for nearly 60% of the surveyed enterprises.

Only 9% of all surveyed companies have Chinese employees comprising more than 50% of their total U.S. workforce. This distribution indicates that the majority of Chinese companies in the U.S. primarily employ non-Chinese nationals, marking a significant stage of talent localization.

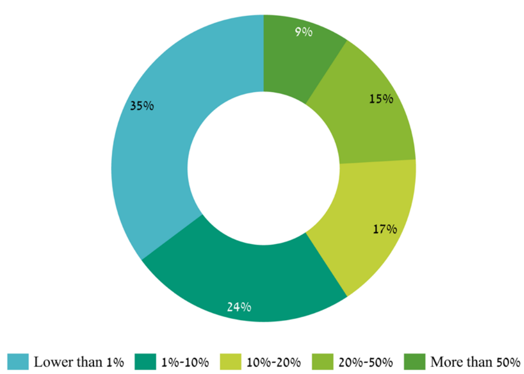



Figure 5: The percentage of employees sourced from China in respondents' companies

From the ownership structure perspective, 39% of the respondents come from a purely private background, making it the largest group in the sample. The second largest group consists of companies with over 50% state-owned assets (indicating state-controlled holdings), accounting for 27%. Entirely state-owned enterprises make up 18%, totaling 45% for these two types combined. Mixed ownership with state participation but not majority control account for 15%.

Overall, the distribution shows that companies with state participation versus purely private ones are roughly in a ratio of 6:4.

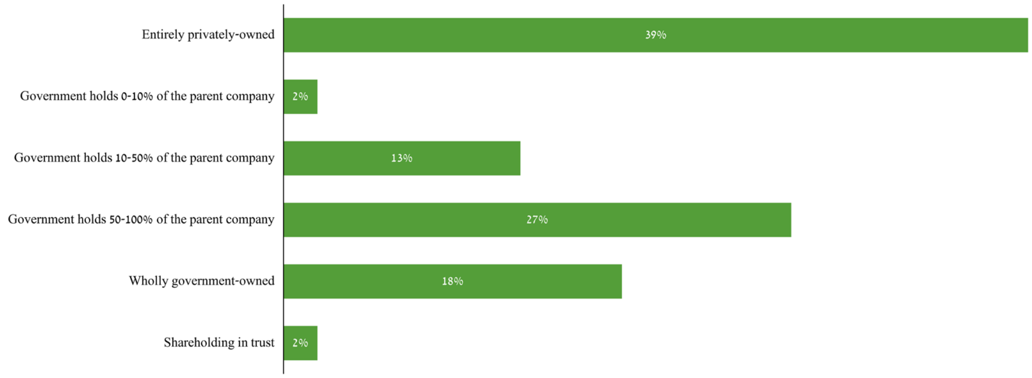



Figure 6. The ownership structure of the respondents' parent companies

This year, the ratio between publicly listed and non-listed respondent companies is exactly 1:1, each comprising half of the total. The primary listing locations are predominantly within the greater China area, with 75% of the companies listed in mainland China. Additionally, 57% of the respondents are listed in Hong Kong (some are dual-listed on both mainland A-shares and Hong Kong H-shares), and 7% are listed in the United States.

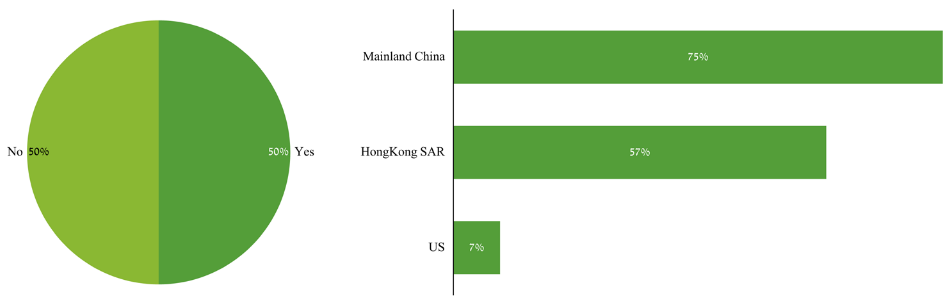



Figure 7A & 7B.

Is the respondents' US business listed or controlled by a listed company? If yes, the US business or the controlling company is listed in:

The vast majority of respondents have formally registered their business operations in the U.S. Only 9% continue to operate through representative offices or liaison offices without operational qualifications. Among all the samples, 66% of companies have chosen to invest directly (greenfield investment) in the U.S. 20% have entered the U.S. market through mergers and acquisitions (M&A), while 11% have opted for joint ventures to initiate their U.S. business platforms.


Figure 8. The types of respondents' corporate structures in the U.S.

When considering the proportion of U.S. business revenue to global revenue among the respondents, a significant majority, up to 76%, have U.S. business revenue contributing less than 10% to their total global revenue, indicating it is not a major focus. 11% of companies have U.S. business revenue representing between 10% to 25% of their global revenue. 4% of enterprises report that U.S. business revenue constitutes between 25% to 50% of their global revenue. Only 9% of enterprises derive more than half of their global revenue from the U.S. market, signifying a notably significant contribution.

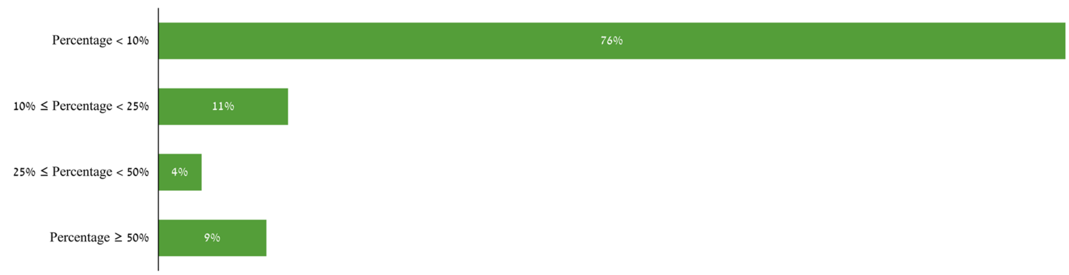



Figure 9. The percentage of respondents' U.S. business contributed to their parent companies' annual revenue

Looking at the profitability comparison between respondents' U.S. operations and their global operations, 29% of them have U.S. business profitability levels that lag behind their global profitability by more than 5 percentage points, 16% of them report slightly lower U.S. profitability levels compared to their global average (within a 5% difference). 35% of respondents perform at the same profitability level in the U.S. as globally, and only 5% of them state that the U.S. profitability exceeds their global average by more than 5%. Compared to the 2023 results, there has been a slight increase in the proportion of companies whose U.S. business profitability lags behind their global average by more than 5% (up from 22% to 29%). Conversely, there has been a slight decrease in the proportion of respondents whose U.S. business profitability exceeds their global average by more than 5% (down from 9% to 5%). Overall, these trends indicate a somewhat more challenging differentiation.

Regarding the industry-specific profitability comparisons between U.S. operations and global operation, the materials industry demonstrates the highest consistency with global profitability levels, with 80% of surveyed companies reporting that their U.S. business profitability aligns with their global average, while the financial industry shows the lowest consistency, with only 15% of respondents reporting alignment between U.S. and global profitability levels.

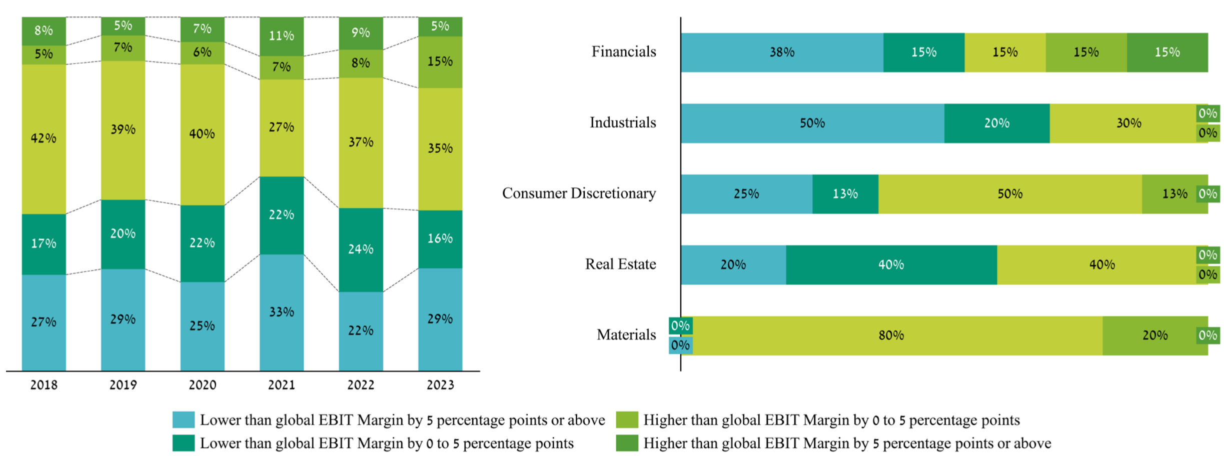



Figure 10A & 10B. How did the respondents' EBIT margin in the U.S. compare to that of their parent companies from 2018 to 2023 and across industry sectors in 2023

Regarding the allocation of profits earned in the U.S. market among respondents, 38% of companies choose to reinvest all profits back into their U.S. operations, 33% of them reinvest more than 50% of their U.S. business profits locally here. Together, these two categories account for 71% of the total sample. Overall, the predominant strategy among Chinese companies in the U.S. is to reinvest local profits back into further developing their operations within the U.S., either entirely or significantly, reflecting the mainstream approach in current practices.

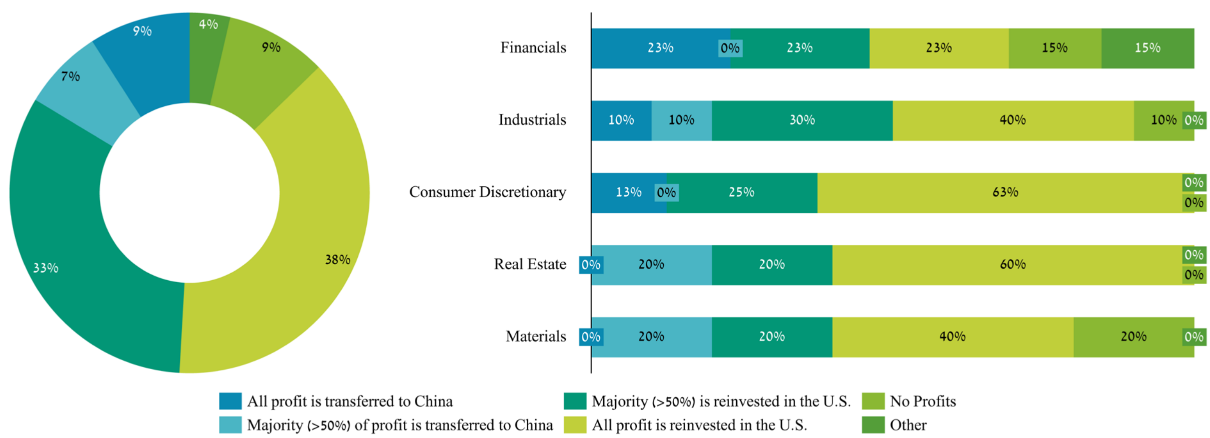



Figure 11A & 11B. How has the respondents distributed the profits from their U.S. operations in 2023 overall and by industry sectors

# 04.

# Key Findings

Our questionnaires diligently capture the holistic sentiments of Chinese companies regarding the U.S. business landscape in 2023, coupled with an evaluation of their actual operational performance. We then extrapolate insights into the subsequent macroeconomic climate and their strategic business approaches.

In presenting our findings, we meticulously elaborate on each survey question in five pivotal stages: detailing responses, interpreting data, exploring market dynamics or corporate viewpoints, and offering tailored insights for companies already in or entering the U.S. market.

# 1. Feedback on the overall business and investment environment in the United States

## 1.1 Survey question: Compared with 2022, what are changes in investment and business environment in the United States in 2023 (single choice) ?

### Survey Results

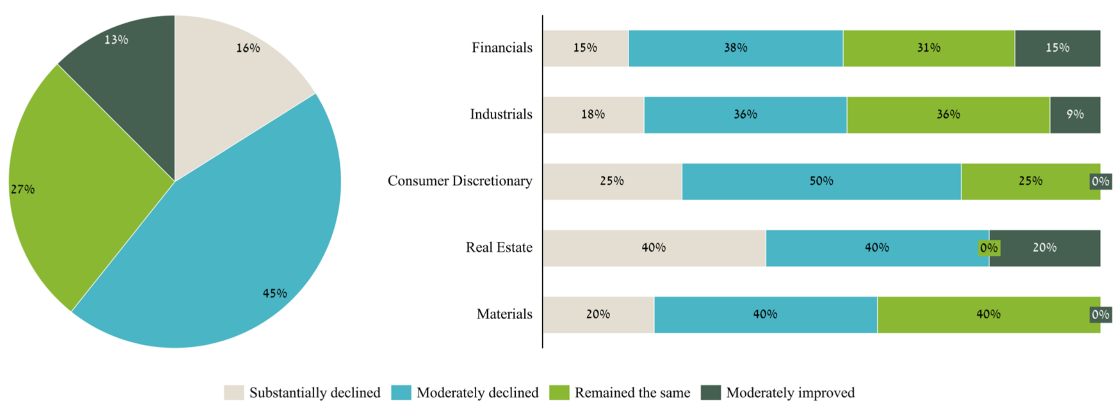



Figure 12A & 12B.
How has the US investment and business environment changed in 2023 for the respondents overall and by industry sectors

### Interpretation of the Data

The survey results clearly indicate a mixed sentiment among Chinese companies in the United States regarding the market environment. 16% of the companies surveyed reported that the market environment has deteriorated significantly; another 45% of the companies surveyed felt that it had deteriorated slightly. Overall, more than 60% of the companies surveyed perceive a deterioration in the investment and business environment, with only 13% reporting a slight improvement. The overall ratio of companies with negative feelings to those with neutral and positive feelings is about 3:2.

Different industries exhibit varying perceptions of the market environment:

**Real Estate:** This industry shows the strongest negative perception, with 40% of companies reporting a significant deterioration and another 40% reporting a slight deterioration. However, 20% of companies in this sector reported an improved environment, highlighting a distinct contrast among Chinese real estate companies in the United States.

**Consumer Discretionary:** Following real estate, the consumer discretionary industry reports a worse feeling about the market environment, with 25% of companies reporting a significant deterioration and 50% reporting a slight deterioration. None of the companies surveyed in this sector believed that the market environment had improved.

**Materials Industry:** This sector also shows a notable perception of deterioration, with 20% of companies reporting a significant deterioration and 40% reporting a slight deterioration. Like the consumer discretionary industry, none of the companies in the materials industry sample felt that the market environment had improved.

**Industrial Companies and Financial Sector:** These sectors exhibit a more balanced distribution of negative, neutral, and positive feelings about the market environment.

- Among industrial enterprises, slightly more than half reported some level of deterioration, while in the financial industry, slightly more than half reported deterioration as well.

- However, the financial industry has the second-highest proportion among all industry categories reporting an improvement.

In summary, while at least half of the companies across various industries perceive a deteriorating market environment, there are also instances of some improvement, particularly in real estate, finance, and industry. This suggests that even companies within the same industry may have different perceptions of the macro environment.

## Market Dynamics or Corporate Views

"Mortgage rates continue to be high. The average 30-year fixed rate in October was nearly triple what it was at the end of 2020 — although rates came down significantly by the end of the year — and existing home sales remain low, according to data from the National Association of Realtors. Until more housing inventory comes online, those issues are likely to persist into 2024." [1] (The 2023 U.S. economy, in a dozen charts)

"As a result of high prices and low inventory, home sales dropped to their lowest level since 1995, with 4.09 million homes sold, down 19% from the year before. This follows an 18% drop in home sales from 2021 to 2022." [2] (Home sales last year dropped to the lowest level in 28 years)

"One of the most direct effects of these higher interest rates was the increased cost of borrowing, affecting the profitability of new developments, the feasibility of certain projects, and the overall volume of real estate investments. As a result, for most of the year, nearly every commercial real estate market segment encountered a continuous rise in vacancy rates and a deceleration in rent growth." [3] (December 2023 commercial real estate market insights)

## Insights for Chinese Enterprises in the United States

The varied perceptions of the market environment among Chinese companies in the same industry stem from a multitude of factors such as local policy environments, supply and demand dynamics, market segmentation, and business strategies. Engaging in industry knowledge exchange facilitated by organizations like the China General Chamber of Commerce - USA, or other industry associations is crucial for bridging information gaps, helping executives gain new market insights, and developing effective response strategies.

It's important to recognize that, in most industries where there's no extreme monopoly, individual companies have limited influence over the market. Instead, executives should focus on enhancing their company's internal strengths by refining business strategies and capabilities. By triggering adaptive adjustments and changes internally, companies can effectively respond to external challenges. Ultimately, this process of self-reconstruction can lead to changes in how companies perceive and qualitatively interact with the external environment, helping them navigate challenging situations more effectively.

### Insights for Chinese Enterprises Entering the US

Exploring niche sectors and alternative perspectives can offer valuable insights for companies planning to enter the US market. Engaging in in-depth exchanges with companies operating in these niche sectors can provide constructive guidance for developing suitable market entry strategies. These unique cases often present innovative approaches and strategies that may not be evident in mainstream trends but can offer significant advantages in certain market segments.

Similarly, for investors, paying attention to non-mainstream perspectives and experiences is crucial for gaining a comprehensive understanding of the market landscape. While mainstream trends provide valuable insights, delving into unique and unconventional viewpoints can uncover hidden opportunities and potential areas for growth. By maintaining a watchful eye on these alternative perspectives, investors can make more informed decisions and capitalize on emerging trends and market niches.

## 1.2 Survey Question: Please evaluate the investment and business environment in the United States in 2023 in the following aspects

### Survey Results

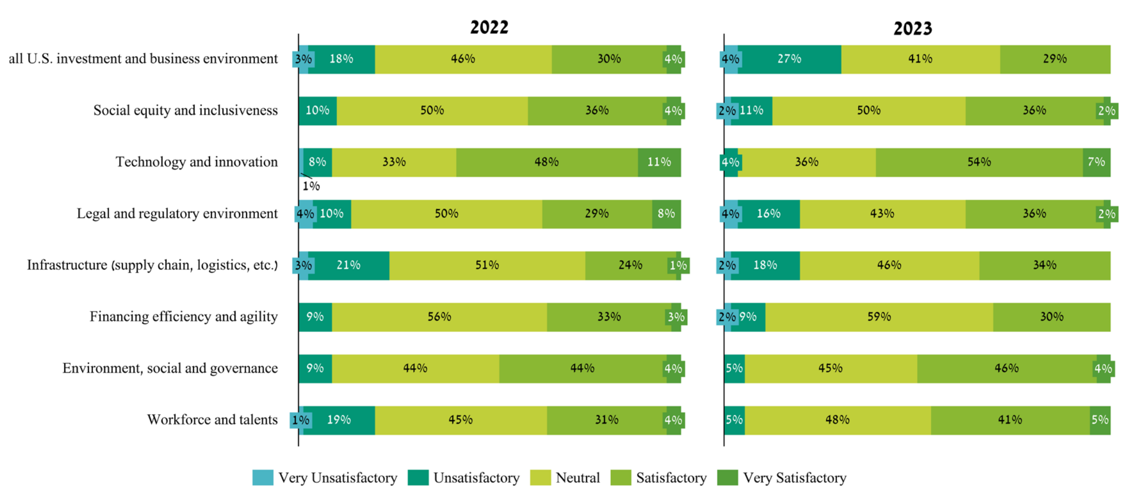



Figure 13A. Comparison of surveyed companies' evaluation of the U.S. investment and business environment in 2022-2023

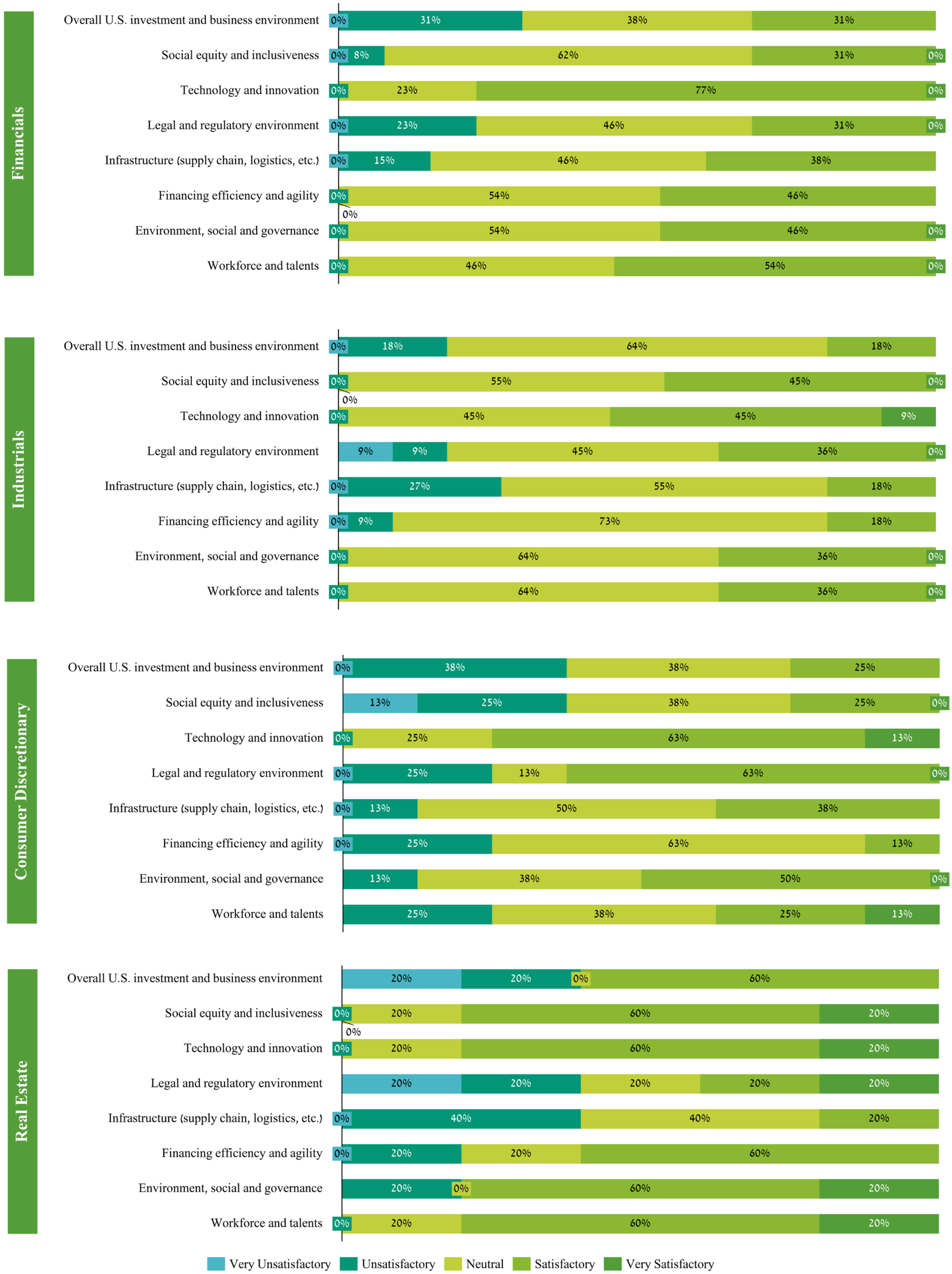



Figure 13B. Comparison of the evaluation of the U.S. investment and business environment by companies in different industries in 2023

## Interpretation of the Data

Compared to the 2022 results, the 2023 findings reveal a notable absence of "very satisfied" feedback across multiple evaluation dimensions. This shift underscores a declining overall sentiment among the companies surveyed. Specifically, "very satisfied" responses vanished from categories such as the "overall investment and business environment in the United States," "infrastructure (supply chain, logistics, etc.)," and "financing efficiency and flexibility.

In the comprehensive assessment of the "overall development and business environment in the United States," both "very dissatisfied" and "unsatisfied" options saw increases of 1 and 9 percentage points respectively, reaching 4% and 27%. This amounted to an overall proportion of 31%. Meanwhile, "neutral" feedback decreased by 5 percentage points from 46% to 41%, and "satisfied" responses slightly dipped from 30% to 29%. Notably, the 4% of "very satisfied" responses from the previous year were conspicuously absent.

However, in some dimensions, there was a decline in the proportion of "very dissatisfied/unsatisfied" attitudes. For instance, in the areas of infrastructure and environment, society, and corporate governance, the combined proportion of negative feedback decreased by 4 percentage points. Moreover, in the infrastructure dimension specifically, the proportion of "satisfied/very satisfied" responses increased by 9 percentage points.

Improvement in Labor and Talent Satisfaction: Notably, there was a significant improvement in satisfaction levels regarding "labor and talent", with a decrease in "unsatisfied" feedback and an increase in "satisfied" feedback compared to the previous year. The total proportion of "very dissatisfied/unsatisfied" dropped significantly from 20% to 5%, and the proportion of "satisfied/very satisfied" in this dimension also showed a growth compared with last year's results, increasing from 31% and 4% to 41% and 5% respectively.

Industry-Specific Feedback:

1. **Financial Services:**

- The feedback on "technology and innovation" was overwhelmingly positive, with 23% neutral responses and 77% satisfied responses. Following closely behind were dimensions such as "labor and talent," "financing efficiency and flexibility," and "environment, society, and corporate governance," all exhibiting high levels of satisfaction with only neutral and satisfied opinions. The proportion of satisfied feedback in these dimensions was 54%, 46%, and 46%, respectively.

- In addition to the predominant negative feedback on the "overall investment and business environment," the "legal and regulatory environment" category also stood out, with a notable 23% expressing dissatisfaction. This underscores the significance of policy environment considerations, particularly for industries heavily impacted by regulatory factors.

2. **Industrial:**

- The feedback on "technology and innovation" stood out as particularly positive, with 9% expressing very satisfied, 45% satisfied, and 45% neutral opinions. Following closely were dimensions such as "labor and talent" and "environment, society, and corporate governance," with 64% and 36% respectively expressing satisfaction through neutral and satisfied opinions.

- However, industrial enterprises, characterized by physical operations, provided significant negative feedback in the infrastructure (supply chain, logistics, etc.) dimension, with a noteworthy 27% expressing dissatisfaction. This underscores the notable differences between the current conditions in the United States and the familiar market environment in China for Chinese companies.

3. **Consumer Discretionary:**

- In the dimension of "technology and innovation," feedback was generally positive, with 25% expressing neutral views, 63% satisfied, and 13% very satisfied.

- However, other dimensions revealed notable dissatisfaction, particularly in "social equality and inclusiveness," followed by "legal and regulatory environment," "labor and talent," and "financing efficiency and flexibility." This highlights the multifaceted challenges and impacts faced by Chinese companies in such a typical 2C industry, where both 2B and 2C levels need deeper involvement in front-line operations to achieve optimal business results.

**4. Real Estate:**

They expressed significant concerns about the "legal and regulatory environment" and "infrastructure (supply chain, logistics, etc.)" dimensions, with the overall proportion of "very dissatisfied/ unsatisfied" reaching 40%. However, in the "legal and regulatory environment" dimension, there was also a notable proportion expressing "very satisfied," indicating a sharp contrast.

## Market Dynamics or Corporate Views

“On July 27, 2023, US federal banking regulators issued proposals to… It would not directly affect credit unions, US branches and agencies of foreign banking organizations, or the non-US operations of foreign banking organizations… the fact that the Capital Proposal deviates from the Endgame Standard in material ways could result in continued shrinkage and debanking by foreign banking organizations of their activities in the United States so as to avoid duplicative compliance costs.” [4] (Overhaul of regulatory capital requirements proposed by US Banking Regulators)

“Financial losses due to supply chain disruptions dropped more than 50% on average in 2022, compared with a year earlier, but shortages and delivery delays remain challenges ... Labor and raw material constraints, as well as unforeseen disruptions remain supply chain headwinds, said Interos industry analyst Tim White. [5] (Costs from supply chain disruptions drop by over 50% but headwinds remain -survey)

“More than two thirds of states — primarily controlled by Republicans — have enacted or are considering laws limiting or barring foreign ownership of land. …… China is the main target of these efforts …… More than 20 states are in the process of passing new restrictions on foreign land purchases or updating existing laws …… That’s after at least 15 states passed laws limiting or barring foreign ownership of land in 2023 …… over the past two years federal lawmakers have produced 12 bills that would add farmland to the categories of investments subject to CFIUS review. There are four other bills that aim to specifically bar Chinese entities from purchasing land anywhere in the U.S. None of those bills have been enacted.” [6] (US states are cutting off Chinese citizens and companies from land ownership)

## Insights for Chinese Enterprises in the US

The analysis of the survey data reveals several structural improvements amid the perceived challenges in the external environment. Companies should focus on leveraging the positive trends within their respective industries to mitigate the negative impacts effectively:

**Financial Services Industry:** Emphasize the opportunities presented by "technology and innovation" and "labor and talent". By aligning with the favorable macro-industry environment driven by the U.S.'s leading global financial sector and leveraging innovations in financial technology and talent, financial services firms can drive business growth. Importing relevant U.S. market experiences back to their headquarters in China can further enhance their competitive edge.

**Industrial Enterprises:** Prioritize "technology and innovation" and "labor and talent" while addressing challenges related to "infrastructure" such as supply chain and logistics. Adapting to the unique local environment and leveraging the product advantages of Chinese enterprises can help penetrate and expand within the U.S. market.

**Consumer Discretionary Industry:** Navigate institutional and human factors by focusing on "deep localization" efforts. This industry requires meticulous attention to daily operations and management granularity, preparing for intense competition with rivals. Quality innovations should be a central focus to differentiate offerings and meet evolving consumer demands effectively.

**Real Estate Industry:** Apart from technological innovation and talent, emphasize "social equality and inclusiveness". Navigate operational challenges related to the "legal and regulatory environment" and "infrastructure" within this favorable environment. Skillfully addressing these dimensions can lead to smoother operations and greater success for Chinese companies in the U.S. real estate sector.

### Insights for Chinese Enterprises Entering the US

To navigate the more challenging investment and business environment, Chinese companies operating in the U.S. should:

- **Maximize Favorable Resources:** Tailor strategies based on their specific sub-industry to leverage the U.S.'s strengths in "technology and innovation" and "labor and talent". This entails aligning business objectives with these resources to facilitate smoother market integration.
- **Address Infrastructure Challenges:** Conduct comprehensive research and design detailed operational plans to overcome common challenges related to "infrastructure" such as supply chain and logistics. This involves identifying optimal business landing points and establishing robust support systems for supply chain and logistics operations.
- **Engage with Professional Services:** Collaborate with professional service agencies specializing in law and taxation to gain insights into unique policy challenges and identify low-challenge tracks within their industry. This allows for more informed decision-making and precise business localization.

## 1.3 Survey question: In your opinion, what are the main challenges facing Chinese companies in branding / marketing in the US market? (Multiple choice)

### Survey Results

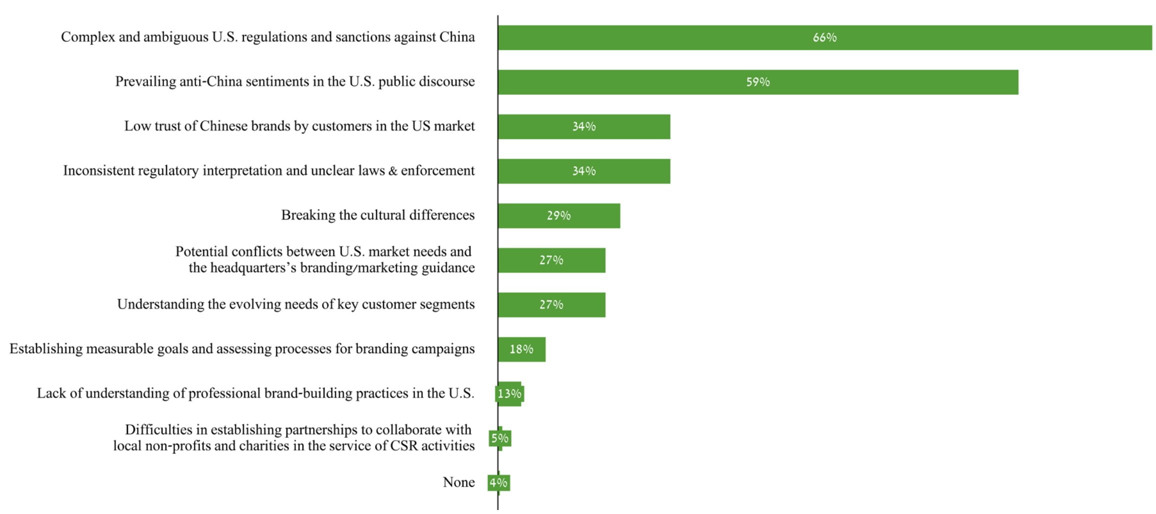



Figure 14. Main Challenges facing Chinese companies in branding/marketing in the US market

## Interpretation of the Data

Distribution of Challenges: Feedback indicates that Chinese companies in the United States face challenges in brand promotion and marketing that can be categorized into five levels by severity. The most significant challenges, representing nearly one-third of the responses, are regulatory and political complexities.

- Major Challenges: The foremost issues are "the complexity and vagueness of US regulatory and sanctions policies towards China"(66% of responses) and "the pervasive anti-China sentiment in American public opinion" (59%). These highlight the intricate policy environment and the hostile public sentiment influenced by ongoing US-China trade tensions.

- Secondary Challenges: The next level includes "low trust in Chinese brands among US consumers" and "inconsistent interpretation of regulations, unclear laws, and enforcement," accounting for 34% of responses. The former reflects both preconceived biases and the inability of Chinese brands to adapt their marketing to American cultural nuances. The latter points to difficulties in comprehending the US market's regulatory landscape.

- Tertiary Challenges: The third tier involves three issues, each comprising nearly a third of the feedback. These are: "bridging cultural differences by translating corporate vision into relatable messages for the US market" (29%), "potential conflicts between US market demands and domestic group headquarters' brand guidance"(27%), and "understanding the evolving needs of key customer groups" (27%). These reflect the challenges in navigating cultural subtleties, balancing parent company directives with local needs, and grasping American consumer behavior.

- Conclusion: The primary challenge for Chinese firms is the deteriorating policy environment amid strained US-China relations. Secondly, there is a need for a better understanding of the US market rules and consumer preferences shaped by different cultural contexts. Lastly, the effectiveness of marketing strategies and internal management practices significantly impacts the success of Chinese companies' expansion efforts in the United States.

## Market Dynamics or Corporate Views

“Around four-in-ten Americans (42%) say China is an enemy of the U.S. This is fewer than the 50% who describe China as a competitor but a slight increase from the 38% of Americans who described China as an enemy last year. ……limiting the power and influence of China is given top priority by 49% of Americans. Another 42% say this should be given some priority, and 8% say limiting China's power should not be a priority at all in U.S. foreign policy. [7] (Americans Remain Critical of China)

“with only 30 percent of respondents who were not from China saying they had trust in the firms” [8](Consumer trust: does company location matter?)

## Insights for Chinese Enterprises in the US

Navigating the dynamic landscape of the U.S.-China bilateral relationship requires Chinese-funded enterprises in the United States to adapt and implement agile business strategies at the micro level. This involves several key actions:

- **Seek Professional Advice:** Engage industry agencies or experienced peers to stay informed about regulatory changes pertinent to the company's industry. This ensures swift and accurate adjustments to business strategies in response to evolving regulations.

- **Leverage Local Talents:** Appoint local American employees with in-depth knowledge of American culture, market dynamics, and consumer behavior to lead the company's marketing strategy and implementation in the U.S. This localization approach enhances the company's understanding of the market and facilitates better adaptation to local preferences.

- **Invest in Public Relations:** Hire qualified individuals or service agencies to establish and maintain effective corporate public relations. Building strong relationships and maintaining a positive public image are crucial for sustaining business success amidst changing geopolitical dynamics.

- **Empower Decision-Making:** Advocate for greater decision-making autonomy for U.S. business operations within the parent company. Particularly in industries where market environments and consumer habits differ significantly between China and the United States, granting local subsidiaries more autonomy can streamline operations and mitigate internal conflicts arising from conflicting institutional mechanisms.

### Insights for Chinese Enterprises Entering the US

Respecting the significant disparities in market environments and regulations is paramount for Chinese-funded enterprises establishing themselves in the United States. Here are two key strategies to navigate these differences effectively:

Leverage Local Expertise: Recognize the importance of local knowledge and expertise. During the early stages of business planning and implementation, prioritize hiring local employees or engaging professional service agencies well-versed in the intricacies of the U.S. market. Their insights can help companies navigate regulatory requirements, cultural nuances, and consumer preferences more efficiently, reducing the risk of missteps and missed opportunities.

Establish Clear Management Structures: Define clear management models and delineate specific responsibilities and decision-making powers between the American subsidiary and the parent company from the outset. This proactive approach streamlines decision-making processes, enables quicker responses to market dynamics, and facilitates timely and informed decision-making. By establishing transparent governance structures, companies can adapt more effectively to changes in the market landscape and capitalize on emerging opportunities.

## 1.4 Survey question: How will your company's new business investment in the United States change in 2023 compared to 2022 single choice ?

### Survey Results

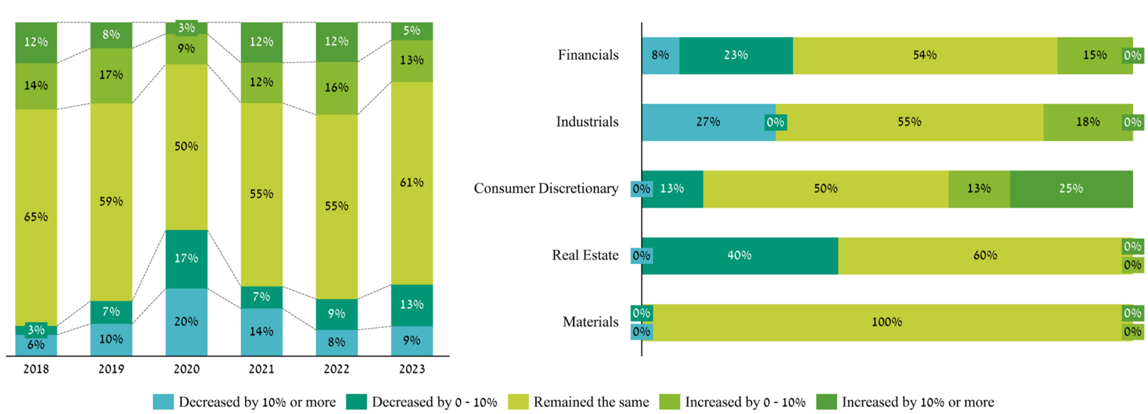



Figure 15A & 15B.
Trends in investment in US business by surveyed companies from 2018 to 2023 and distribution of changes by industry in 2023

## Interpretation of the Data

In the past six consecutive years, the impact of the COVID-19 pandemic in 2020 led to the most significant feedback on "decreased investment" in all previous surveys. The reports of "a decrease of 10% or more" and "a decrease of 0-10%" collectively accounted for over one-third of responses, setting historical records. As the pandemic's effects gradually became manageable, the proportion of reports on decreased investment declined in 2021 and 2022, reaching 21% and 17% respectively. However, in the 2023 survey, there was a resurgence in the proportion of reports on decreased investment. The share of "a decrease in investment of 10% or more" increased from 8% to 9%, while the share of "a decrease of 0-10%" increased from 9% to 13%. This brought the total proportion of decreased investment to 22%, the second-highest in the past six years.

Conversely, the combined share of "investment increased by 0-10%" and "investment increased by 10% or more" showed a decline in 2023, marking the second-lowest level in the past six years. While the total share increased significantly in 2021 and 2022 after hitting a low in 2020, it dropped to 18% in 2023, only 6 percentage points higher than the lowest value recorded in 2020.

The contraction in investment and the declining inclination to invest indicate that Chinese companies' intentions to invest in the United States will diminish in 2023.

According to the 2023 survey, the industry's most significantly reducing investment are real estate, financial services, manufacturing, and non-essential consumer goods, with reductions of 40%, 31%, 27%, and 13%, respectively. Notably, 27% of feedback from the manufacturing sector indicated a cut of 10% or more in investments. Real estate and materials reported no increase in investment intentions at all. Although over a quarter of firms in manufacturing and financial services reported reductions, 18% and 15% respectively noted slight increases of up to 10%. Non-essential consumer goods emerged as a rare bright spot, with 13% of firms indicating modest investment growth of up to 10%, and 25% reporting significant growth exceeding 10%, making it one of the few sectors to achieve counter-cyclical growth in a challenging environment.

## Market Dynamics or Corporate Views

“Peaking above $50 billion in 2016 (excluding bonds), Chinese investment in the US during 2020–23 totaled only $9.7 billion.” [9](Better but Not Well: China’s Global Investment Needs More Fuel)

“While inflation continues to be top of mind for U.S. consumers, the rate of inflation cooled significantly in 2023. Meanwhile, wages rose throughout the year, eventually outpacing price increases. Americans spent on entertainment, too. With major hits such as “Barbie,” “Oppenheimer” and Taylor Swift’s The Eras Tour concert film, the U.S. box office came back in a big way last year from its Covid-19 pandemic lows.” [10] (The 2023 U.S. economy, in a dozen charts)

“Temu, fast-fashion giant Shein and other online shopping platforms with Chinese roots are spending aggressively to reach American consumers, pushing up digital advertising prices, poaching logistics employees and delivering so many products that they have become a boon to the shipping industry.” [11](Temu’s Push Into America Pays Off Big Time for Meta and Google)

## Insights for Chinese Enterprises in the United States

In the consumer discretionary goods, industrial products, and financial services sectors, we observe three divergent strategies: reducing investment, maintaining current levels, and increasing investment. Notably, firms that have increased their investment, with some exceeding a 10% rise, signal that they perceive specific opportunities or are strategically positioning themselves despite the broader challenges. Engaging with these companies to understand their rationale and distinctive approaches would be valuable.

As a consumption-driven economy, the United States has demonstrated robust growth in both essential and non-essential consumer spending post-pandemic. It is particularly prudent to adopt an optimistic stance and pursue proactive strategies to leverage the economic structure and sectoral advantages.

### Insights for Chinese Enterprises Entering the US

Investment strategies should be tailored to specific industries. In real estate and materials, caution is advised; companies should identify niche opportunities or wait for clearer signals before entering the market. In contrast, industrial and financial services firms should capitalize on unique structural opportunities and learn from peers that are increasing investment.

The non-essential consumer goods sector is displaying strong growth momentum. It is crucial to identify precise market entry opportunities with distinctive products and robust operational capabilities.

## 1.5 Survey question: What are your company's main investment goals in the United States in 2024 and 2025 (multiple choices)?

### Survey Results

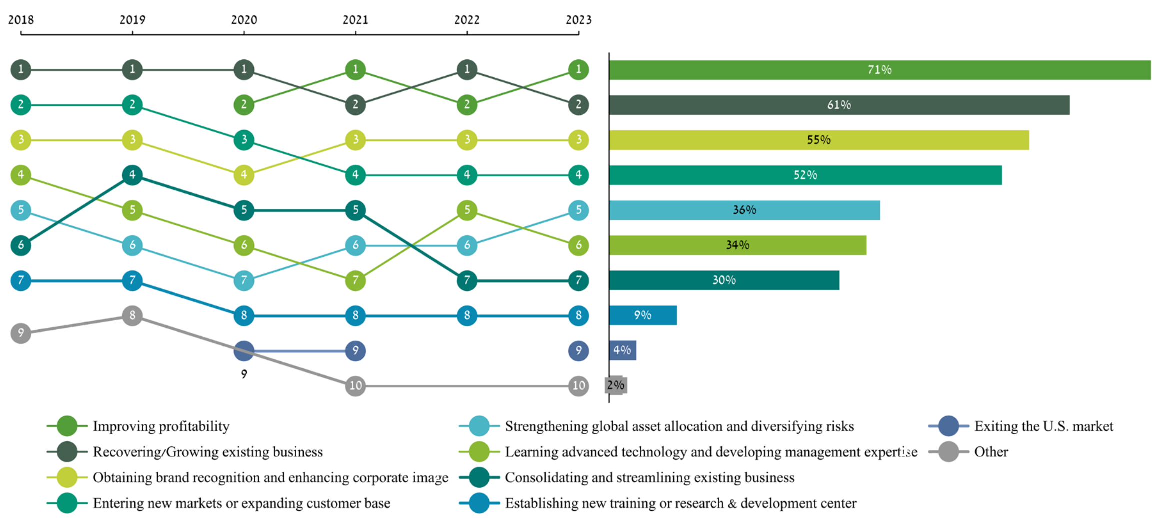



Figure 16. How the business objectives of the surveyed companies in the U.S. have changed from 2018 to 2023

### Interpretation of the Data

Compared to previous years, the short-term development priorities of Chinese companies in the United States have remained largely stable, with only minor shifts in ranking.

•Companies prioritize "improving profitability" (71% of responses) and "restoring and developing existing business" (61%).

Over half of the respondents also emphasize "gaining brand recognition and enhancing corporate image" and "entering new markets or expanding the customer base."

"Strengthening global asset allocation and diversifying risks" and "learning advanced technology and increasing management experience" follow closely, each chosen by more than one-third of respondents.

About 10% of companies aim to "establish new training or R&D centers" in the United States.

Overall, “becoming stronger and bigger” remains the most critical short-term goal for the development of Chinese companies in the United States.

## Market Dynamics or Corporate Views

“China’s ongoing property crisis and weak consumer spending have fueled price wars that crimp earnings, motivating companies from electric vehicle makers to bubble tea chains to try their hands abroad. ……‘First, there is a clear need to diversify single-market risk and second, overseas sales boost profitability as the same models sold overseas are usually charged around 40-60% higher than their domestic pricing.’ said Ming Lee, head of Greater China auto research at BofA Securities.”[12](Success Abroad Drives Rare Winners in Dismal China Stock Market. Bloomberg)

“Looking abroad for growth represents a major strategic shift for many Chinese companies. With the world’s second-largest economy as their home market, many Chinese companies have been content to focus on domestic growth. International expansion was too costly and difficult to justify when the Chinese market was developing so quickly. However, a slowing economy and a challenging domestic policy environment have changed that calculus for many firms. As a result, many Chinese companies are making a concerted push to expand into overseas markets.” [13] (Of Profits and Peril: Corporate China’s Push Abroad)

## Insights for Chinese Enterprises in the United States

The United States leads globally in many market segments, with strong demand and the potential for higher prices, which remains highly attractive to Chinese companies across various fields. The consistent short-term development goals of these companies underscore the enduring value of the US market, making it worthwhile for Chinese firms to further explore and maximize their profitability and revenue in the US.

The mature US marketplaces significant emphasis on brand effects, a crucial tool for achieving financial objectives.

While Chinese companies generally recognize and appreciate the US's "technology and innovation environment," few leverage these advantages to enhance their overall strength through training and R&D centers. This strategy might be worth considering for more Chinese firms in the medium to long term, once their performance is solidly established.

## Insights for Chinese Enterprises Entering the US

The most promising benefit of expanding in the United States is achieving a higher income scale. Enterprises should maintain strong confidence and develop comprehensive market entry and growth strategies.

Establishing forward-looking brand awareness from the outset and building a strong brand with outstanding products and modern marketing are crucial for smooth development and greater success in the US market.

# 2. Actual annual performance of Chinese companies in the United States

## 2.1 Survey question: What is your company's annual revenue in the United States in 2023?

### Survey Results

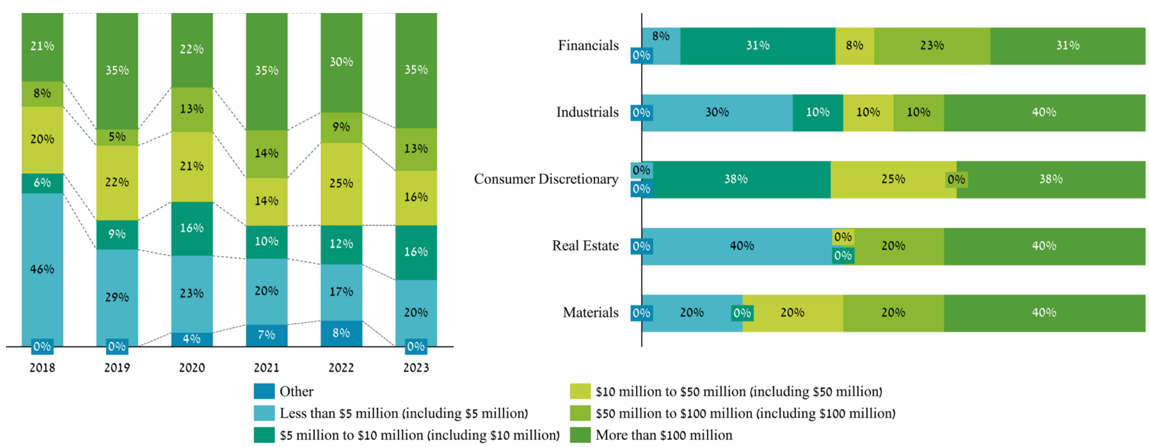



Figure 17A & 17B. Changes in the annual revenue distribution of the surveyed companies' business in the United States from 2018 to 2023 and comparison of revenue distribution by industry in 2023

### Interpretation of the Data

A horizontal comparison of survey data over the past six years shows a significant decline in the proportion of small businesses with annual revenues of $5 million or less (from 46% in 2018 to 20% in 2023). Meanwhile, the proportion of small and medium-sized enterprises with annual revenues of $5 million to $10 million has gradually increased to 16%. The share of medium and large enterprises with revenues of $10 million to $50 million has remained stable, while larger enterprises with revenues of $50 million to $100 million have shown an upward trend. Enterprises with annual revenues of $100 million or more now account for the largest proportion, reaching 35%.

In the industry breakdown for 2023, over 40% of companies in the industrial, real estate, and materials sectors have annual revenues of $100 million or more. The non-essential consumer goods sector is slightly lower at 38%, while the financial services sector has the smallest share. In contrast, the real estate sector has the largest share of small companies with revenues under $5 million, indicating significant scale differentiation.

### Insights for Chinese Enterprises in the United States

The scale structure of Chinese companies in the United States has shown a clear positive shift over time. The proportion of larger companies has gradually increased, while the proportion of small companies has decreased. This reflects both the growth of these firms and the rising market entry barriers, which are encouraging signs.

In most industries, a substantial proportion(30%-40%) of Chinese companies achieve annual revenues of over $100 million, underscoring the significant opportunities for corporate development and growth.

### Insights for Chinese Enterprises Entering the US

The U.S. market offers relatively certain development opportunities and a higher likelihood of attaining objective revenue for Chinese companies. It is advisable for these firms to capitalize on this opportunity.

## 2.2 Survey question: How will your company's annual revenue in the United States change in 2023 compared to 2022?

### Survey Results

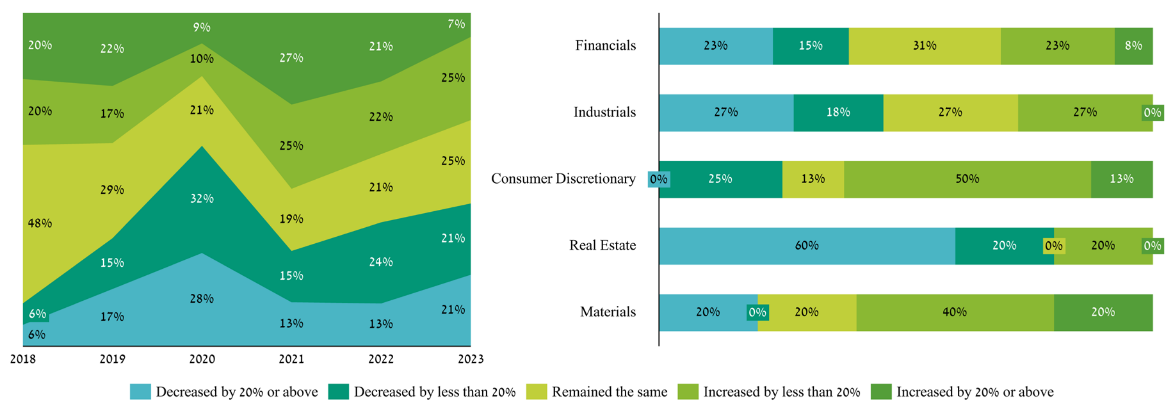



Figure 18A & 18B. How the annual revenue of the surveyed companies' business in the United States will change from 2018 to 2023 compared with the previous year, and the distribution comparison of different industries in 2023

### Interpretation of the Data

In contrast to the pronounced revenue contraction experienced by many companies in 2020 during the initial outbreak of the pandemic, 2021 witnessed a robust recovery. However, a noticeable correction has emerged since 2022. For instance, the proportion of companies reporting revenue increases of less than 20% and over 20% dropped from 25% and 27% in 2021 to 22% and 21%, respectively. By 2023, while the proportion of companies with modest revenue increases has stabilized at 25%, those achieving stronger growth (20% or more) have notably diminished to 7%.

- Simultaneously, the proportion of companies facing revenue declines has begun to rise again compared to the initial year of the post-pandemic rebound in 2021. The share of companies experiencing annual revenue declines of less than 20% and 20% or more decreased from 32% and 28% in 2020 to 15% and 13%, respectively, in 2021. However, these figures began to climb from 2022, reaching 24% and 15% in the two categories, and maintaining at 21% in 2023. Notably, the segment experiencing a more significant revenue decline increased by 8 percentage points from 13% in 2022 to 21%.

- With a decrease in the proportion of companies experiencing high growth rates and an increase in those facing high deceleration rates, Chinese companies in the United States are under evident revenue pressure in 2023.

- In terms of industry-specific performance, the real estate sector faced the most substantial revenue decline, with 80% of companies reporting slight decreases, and a considerable portion experiencing declines of at least 20%. Industrial firms encountered the next significant challenge, with 45% reporting revenue declines. In contrast, the non-essential consumer goods industry demonstrated resilience, with 63% of companies reporting revenue growth, of which 50% saw increases of less than 20%, and 13% reported annual revenue growth of at least 20%. The materials industry followed closely behind, with 40% and 20% of companies reporting annual revenue increases of less than 20% and at least 20%, respectively.

### Market Dynamics or Corporate Views

“Temu’s gross merchandise volume hit $15.1 billion in 2023, with the majority coming in the second half of the year …… The United States was still the largest market for Temu in May 2023, accounting for over 40% of total downloads.” [14]

“In 2023, Shein annual revenue reached $32.5 billion, grown by 43% …… in the past two years the Brazil, Mexico and the U.S. have been its largest markets.” [15] (Shein Revenue and Usage Statistics (2023))

“In the North American market, the brand (MINISO)'s performance was impressive. With 172 stores across the region by year-end, MINISO achieved a Gross Merchandise Volume (GMV) of 178 million USD, with an annual growth rate of 120%. Additionally, total revenue of North America in 2023 surged to 160 million USD, soaring an annual growth rate of 128%. This rapid growth in the North American market outshines performance in all of the brand's other global markets (excluding China).” [16] (MINISO Achieves Strong Growth in North America Thanks to IP Strategy and Innovative Shopping Experiences

“Automakers and other manufacturers catch up with demand and the U.S. ramps up infrastructure projects …… CSX CEO Joe Hinrichs said: “The retail sector that uses both truck and rail is softening, while automotive, coal and materials for non-residential construction are strong. [17] (US supply chain woes shift and persist in 2023)

### Insights for Chinese Enterprises in the United States

While the real estate and industrial sectors face pronounced challenges, a noteworthy proportion of companies in these industries have managed revenue growth despite some reporting slight declines. Specifically, 27% of companies in the real estate sector and 20% in the industrial sector reported revenue growth.

Similar differentiation is observed in the non-essential consumer goods, materials, and financial services industries. Some companies within these sectors achieved revenue growth of up to 20%, while others experienced declines of the same magnitude. This underscores how companies can attain vastly different performance outcomes through nuanced control of business strategies at the micro level.

### Insights for Chinese Enterprises Entering the US

In a shared macroeconomic and industrial policy landscape, certain companies defy the prevailing trends by achieving growth. This resilience suggests that opportunities for development and expansion persist despite challenging conditions. It is imperative to closely study the experiences of these successful companies and adeptly navigate towards performance growth within the increasingly demanding macro environment.

## 2.3 Survey question: What is your company 's U.S. EBIT margin in 2023?

### Survey Results

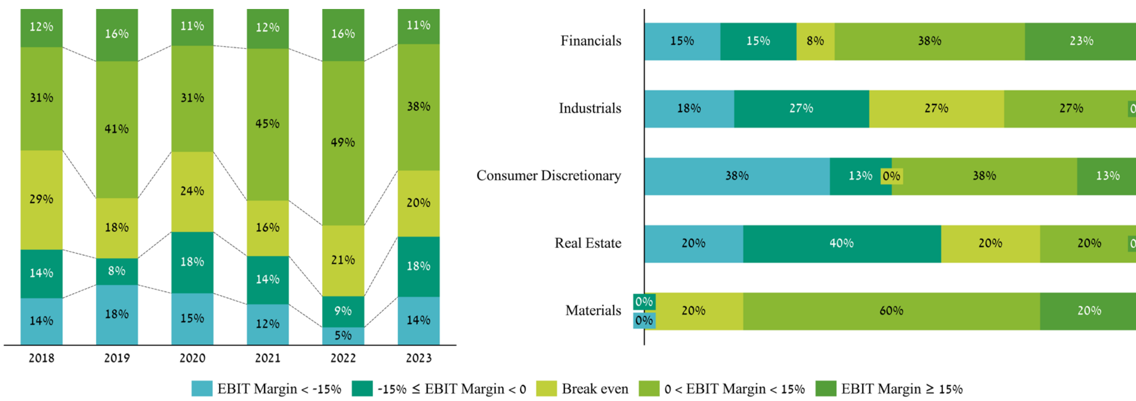



Figure 19A & 19B. Changes in EBIT margins of the surveyed companies' U.S. businesses from 2018 to 2023 and a comparison of their distribution by industry in 2023

### Interpretation of the Data

The overall challenging market environment has exerted a significant impact on enterprise profitability. The profit margin distribution of surveyed enterprises in 2023 closely mirrors that of 2020, during the onset of the pandemic. Notably, the proportion of loss-making enterprises reached its highest level in the past six years, standing at 32% in 2020 and 33% in 2023. Similarly, the proportion of enterprises in the highest profit margin category (EBIT ≥ 15%) hit its lowest point in six years, at 11%. This regression from improvement seen in 2021 and 2022 indicates a new historical low in profitability for Chinese companies operating in the United States.

The distribution of profit margins varies significantly across industries. As expected, the real estate industry demonstrates the largest proportion of loss-making enterprises, totaling 60%, with 20% classified as severe losses (EBIT margins ≤ -15%). Surprisingly, the non-essential consumer goods sector emerges as the second largest category of loss-making companies, comprising 51%, of which 38% incur severe losses. Industrial firms and financial services report 45% and 30% of loss samples, respectively. Notably, the materials industry is the sole sector with no reported losses.

### Market Dynamics or Corporate Views

In 2023, among the eight giants in the real estate industry, three had negative EBITDA margins ranging from 0 to -15%, while the others were positive. The adjusted EBITDA margins of REAL BROKERAGE, COMPASS, REDFIN, EXP, ZILLOW, ANYWHERE, OPENDOOR, and RE/MAX were 2%, -0.8%, -7.8%, 1.3%, 20.6%, 3.6%, -9%, and 29.6%, respectively. The adjusted EBITDA of REAL BROKERAGE, COMPASS, REDFIN, OPENDOOR, and RE/MAX increased by 2.2, 2.7, 8.7, and decreased by 8 and 10 percentage points, respectively, compared with 2022. [18](Roundup of 2023 Real Estate Financial Results)

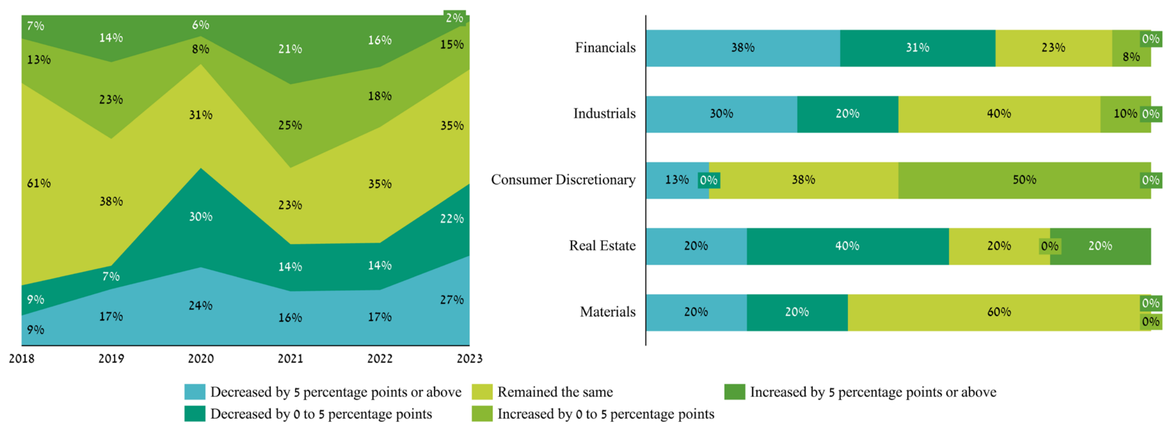
“After a stellar 2021, retailers ordered “too much too early” in 2022, before slashing orders in the second half, says senior equity analyst at Morningstar Swartz'...... Slower sales, supply chain kinks, inflation, and shifts in fashion trends made it difficult to control inventories ...... The excess inventories hit the industry and resulted in heavy discounting at Christmas, hurting profits.

the apparel and retail stocks could show improvement in the second half of 2023 as inventory levels are reduced and lower cotton prices and shipping costs take some of the pressure off." [19](Apparel Stocks Get Dressed Down as Earnings Sag)

The EBITDA margins of the basic materials industry in the first three quarters of 2023 were 15.1%, 17.9% and 16.5%, respectively. The EBITDA margins of the building materials industry and contracting in the first three quarters of 2023 were 21.6%, 27.7% and 26.7%, respectively. [20] (Construction Raw Materials Industry Profitability)

## 2.4 Survey question: How will your company's US EBIT margin change from 2022 to 2023 (single choice)?

### Survey Results




Figures 20A & 20B. How the EBIT margins of the surveyed companies' U.S. operations change from 2018 to 2023 compared to the previous year, and how they are distributed by industry in 2023

### Interpretation of the Data

Following a slight easing in 2021 and 2022, the proportion of companies experiencing a decrease in their EBIT margin by 5 percentage points or more, as well as those with a decrease of 0-5 percentage points, rose again in 2023. Compared to 24% and 30% in 2020, respectively, these figures increased to 27% and 22% in 2023. Conversely, the proportion of companies witnessing an increase in their EBIT margin by 0 to 5 percentage points continued to narrow, reaching 15% in 2022 compared to the previous year. Moreover, the number of companies reporting an increase of 5 percentage points or more dropped significantly to 2%, marking the lowest value in the past six years of survey results.

From an industry perspective, the financial services sector witnessed the largest proportion of companies experiencing a decline in their EBIT margins, totaling 69%, with 23% remaining essentially unchanged, and only 8% reporting an increase within a 5 percentage point range. The real estate industry similarly faced significant challenges, with 60% of companies experiencing a decline in profit margins. However, 20% of companies managed to achieve an increase of at least 5 percentage points, a rare occurrence. In the industrial sector, exactly 50% of companies reported a decline in profit margins, while 40% remained essentially unchanged, and only 10% reported an increase within 5 percentage points. The non-essential consumer goods industry also exhibited differentiation, with 51% of companies experiencing a decline in profit margins, while the remaining 50% achieved growth within 5 percentage points. Conversely, no growth was reported in the materials industry, with 40% of companies experiencing a decline in profit margins, and the remaining 60% maintaining the same level as the previous year.

### Market Dynamics or Corporate Views

"Around this time last year, retail inventories reached their peak. For well over a year, players in the industry have been working to bring inventory levels back in line with demand — often sacrificing profit in the short term. In the second quarter of 2023, many retailers and brands saw their efforts bear fruit. Inventories for many — though not all — were down. Margins were up." [21] (By the numbers: How retailers stack up on inventory)

"US banking profits plunged 45% in final months of 2023 …… Quarterly earnings were also hit by a $5 billion increase in provisions for bad loans, a $4 billion (about $12 per person in the US) loss on the bank's securities portfolio and higher costs as lenders cut jobs and restructure their businesses, the data showed. 'Their revenues are being squeezed,' said Christopher Whalen, a veteran industry analyst and head of Whalen Global Advisors. 'Depositors will continue to want to be paid, but the profits banks make from lending and investing are slowing.' The drop in profits last quarter suggests that the rapid rise in interest rates that began two years ago and led to bank failures last year continues to weigh on lenders."[22] (US banking profits plunged 45% in final months of 2023)

"ATTOM, a leading curator of land, property and real estate data, today released its Year-End 2023 U.S. Home Sales Report, which shows that home sellers made a $121,000 profit on the typical sale in 2023, generating a 56.5 percent return on investment …… The gross profit on median-priced single-family homes sales dipped down from $122,600 in 2022 while the profit margin dropped, year over year, from 59.8 percent. That happened as the median nationwide home price rose at the smallest annual pace in more than a decade. [23] (HOME-SELLING PROFITS DROP IN 2023 FOR FIRST TIME IN OVER A DECADE AMID MODEST PRICE GAINS)

### Insights for Chinese Enterprises in the United States

Amidst the consistent external environment, profit margins have not uniformly declined. Across the total sample and most industries, a minority of companies have demonstrated an increase in profit margins against the prevailing trend, a noteworthy occurrence. This suggests the presence of notable aspects in cost control strategies within these companies, warranting attention and offering valuable insights for others to learn from.

### Insights for Chinese Enterprises Entering the US

In an economic downturn, sustaining and enhancing profit margins poses considerable challenges. Nonetheless, Chinese companies in the United States have managed impressive results, serving as a reminder for newcomers to prioritize comprehensive cost control capabilities and sustained self-reliance during market slowdowns.

# 3. Outlook on the macro environment and adjustments to corporate investment

## 3.1 Survey question: How do you see China-U.S. relations in 2024 ?

### Survey Results

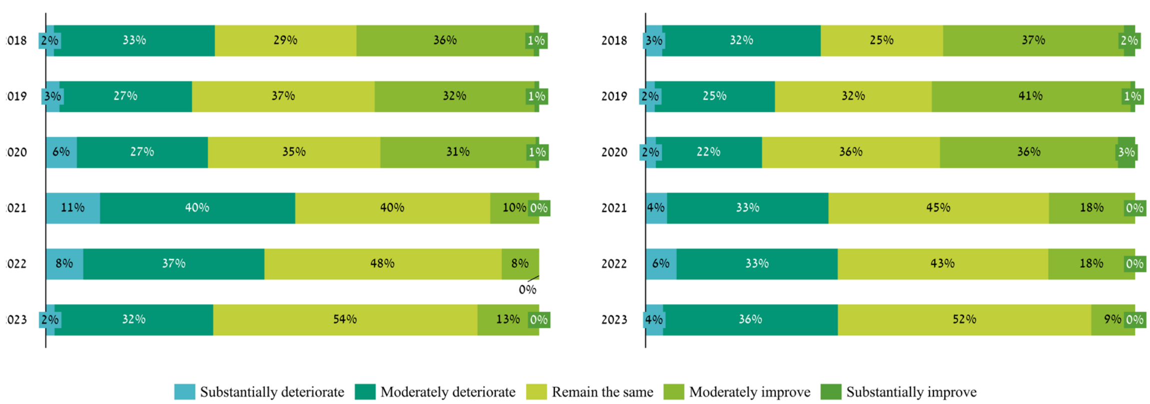



Figure 21A & 21B. How do the companies surveyed in 2018-2023 think the US-China political and cultural relations (left) and US-China economic and trade relations (right) will change in the next year?

### Interpretation of the Data

From both figures, it's evident that 2020, marked by the initial outbreak of the epidemic and its severe impact on the United States, served as a pivotal moment for companies interviewed regarding their outlook on Sino-US political and cultural relations, as well as economic and trade relations. Since 2021, there has been a notable increase in the proportion of respondents anticipating a deterioration in subsequent relations compared to previous periods.

Regarding Sino-US political and cultural relations, pessimism has gradually waned from its peak in 2021 over three consecutive survey years. Specifically, the proportion of respondents expecting continued deterioration decreased from 51% to 45% to 34%, with a more significant drop seen in those anticipating significant deterioration, declining from 11% in 2021 to 8% in 2023.

However, concerning the direction of Sino-US economic and trade relations, which are directly pertinent to business operations, concerns have seen a slight uptick year by year. The proportion of respondents foreseeing substantial or moderate deterioration increased from 4%, 6%, to 4% from 2021 to 2023, respectively. Additionally, the combined three-year change in the sum of these proportions rose from 37% to 39% to 40%. Concurrently, the proportion of respondents expecting slight improvement dropped from 18% for two consecutive years to only 9%. Approximately half of the companies surveyed adopt a neutral stance, indicating an overall stable yet mildly pessimistic sentiment.

Overall, at the macro level of bilateral political and cultural relations, while a decoupling between China and the United States isn't pursued, diplomatic efforts and friendly gestures from both sides have been acknowledged by enterprises and the public. However, at the micro level of economic and trade relations, the ongoing expansion of sanctions lists for physical enterprises and more frequent industrial investigations and import policy adjustments have led companies to perceive significant changes in the business environment they operate within.

### Market Dynamics or Corporate Views

“The US and China have pledged to stabilise their tense relationship following US Secretary of State Antony Blinken's two-day visit to Beijing ……‘I stressed that... sustained communication at senior levels is the best way to responsibly manage differences and ensure that competition does not veer into conflict," Mr Blinken told reporters after the 35-minute meeting ……"The two sides have also made progress and reached agreement on some specific issues," he said, in a transcript of his remarks released by the US state department. "This is very good."’[24] (US and China pledge to stabilise tense relationship after talks)

“the two countries’ presidents are set to meet this week(2013.11.13) for the second time since Joe Biden took office ……‘The focus will be on expanding dialogue in order to low[er] tail risks in the relationship and prevent a crisis that neither leader is looking for” said Michael Hirson, head of China Research at 22V Research. … In early October, U.S. Senate Majority Leader Chuck Schumer and five other U.S. senators representing both the Republican and Democratic parties had an 80-minute meeting with Chinese President Xi Jinping. …… “The current trend in China-U.S. relations is one of easing,” said Shen Yamei, director of the department for American Studies and an associate research fellow at the China Institute of International Studies.” [25] (U.S.-China relations are now more about crisis prevention)

## 3.2 Survey question: Which of the following are challenges you foresee in doing business in the United States in 2024 and 2025?

### Survey Results

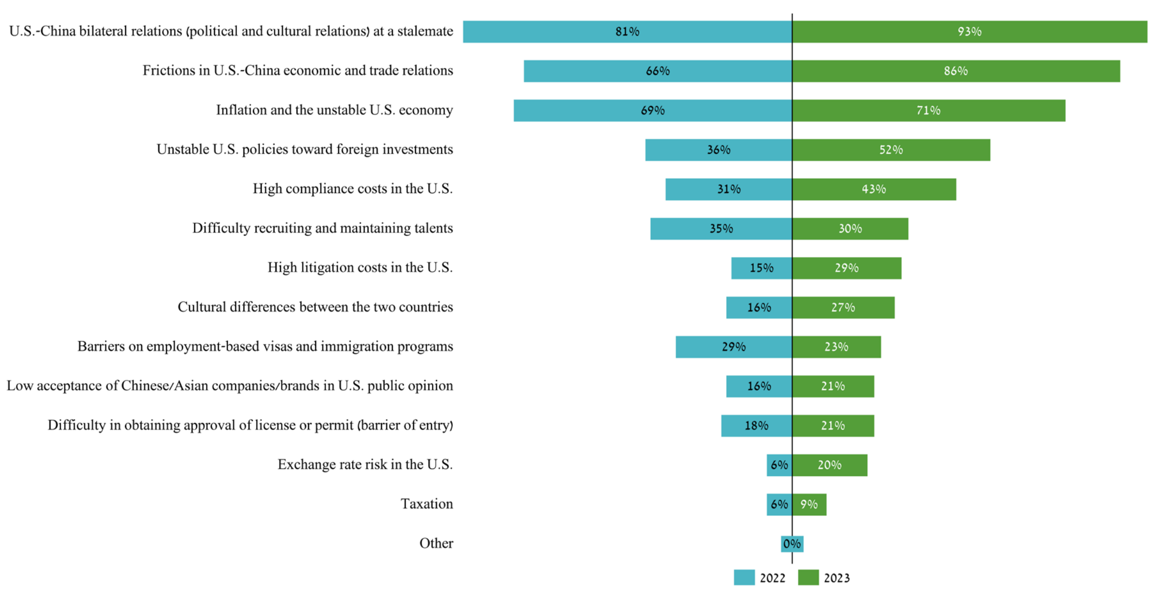



Figure 22. From the perspective of the interviewed companies, doing business in the United States in the next two years will face the following challenges

## Interpretation of the Data

The data indicates that in most specific challenge dimensions, Chinese companies operating in the United States expressed a higher proportion of concerns in 2023 compared to 2022, underscoring an increased focus on these challenges among respondents.

Among the top five most closely monitored challenges:

- Concerns regarding the "stalemate in Sino-US bilateral relations political and cultural relations " surged significantly from 81% last year to 93%.
- Apprehensions about "frictions in Sino-US economic and trade relations" markedly increased from 66% to 86%.
- Worries over "inflation and the unstable U.S. economy" saw a slight rise from 69% to 71%. This may be attributed to the lingering concerns within the business community about the prolonged inflationary pressures in the U.S. market, despite some alleviation noted during the survey period.
- Anxieties surrounding the "instability of U.S. foreign investment policy" surged notably from 36% to 52%.
- Concerns regarding "high compliance costs in the United States" rose to 43% from 31% last year.

In other dimensions, there were instances where overall attention levels were not high, but the percentage growth was noticeable:

- Concerns about "high litigation costs in the United States" increased by 14 percentage points from 15% to 29%.
- Worries regarding "cultural differences between the two countries" rose by 11 percentage points from 16% to 27%.
- Concerns about "US exchange rate risk" increased by 14 percentage points from 6% to 20%.

## Market Dynamics or Corporate Views

“Earlier this week (2024.5.16), US President Joe Biden directed the office of the US Trade Representative (USTR) to increase tariffs on $18 billion worth of Chinese imports ...... Businesses should prepare for President Biden and former President Donald Trump to continue taking tough-on-China stances on economic issues ahead of the November election. ...... An escalation of tit-for-tat measures can significantly damage the US-China bilateral relationship and warrants careful monitoring. ...... Congress is likely to continue its actions to restrict the activities of some Chinese companies in the United States on national security grounds.” [26] (Geopolitical and US Public Affairs, Policy & Regulatory Practices)

“The tariffs cover seven categories, with four categories seeing increases to approximately 25 percent. The tariff on electric vehicles has been raised to 100 percent, and tariffs on semiconductors and certain medical products have increased to 50 percent. This indicates that Biden is strategically targeting key industries, particularly clean energy and semiconductors.” [27] (No China-US Trade War This Year, But Uncertainty Ahead in 2025)

“Inflation has cooled significantly relative to earlier boomy highs from the past few years, but still remains above target. Weakening in core goods inflation has been an important moderating force for overall inflation, but core services prices excluding housing have cooled much less noticeably lately,” said Michael Feroli, Chief U.S. Economist at J.P. Morgan. “Absent a recession next year, we don’t see inflation getting all the way back down to 2%.”” [28] (Global Inflation Forecast 2024)

## 3.3 Survey question: What is your prediction for the direction of change in annual revenue of your company's US business in the next two years (i.e.2024 and 2025)?

### Survey Results

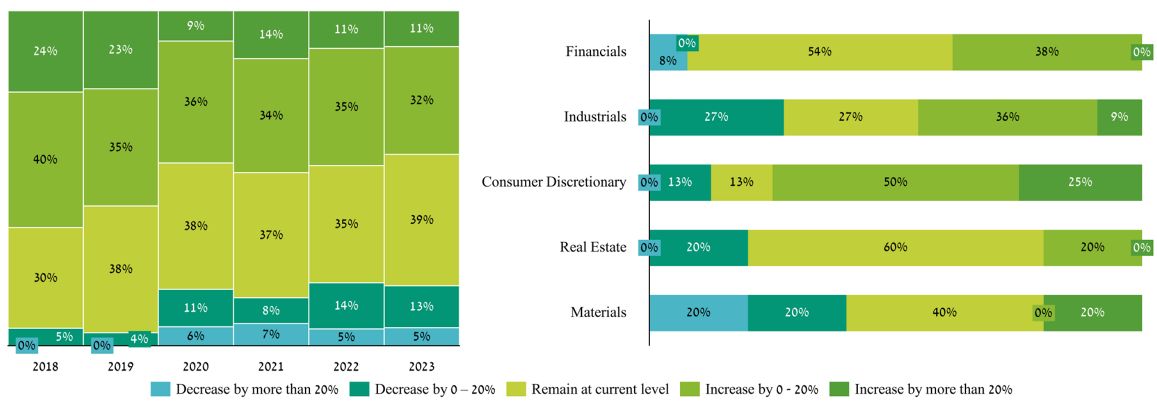



Figure 23A & 23B. Revenue trends of the surveyed companies in the next two years, 2018-2023, and distribution comparison of different industries in 2023

### Interpretation of the Data

2020 marked a significant turning point in revenue growth expectations. The onset of the epidemic led to a notable increase in expectations for revenue reduction and a corresponding decrease in expectations for revenue growth. However, the distribution of survey results over the past four years has exhibited striking similarity, indicating a relatively stable overall tone in surveyed companies' expectations for revenue changes post-2020.

For the consecutive years spanning 2020 to 2023, the anticipated distribution results closely align, with the following averages:

- 6% of companies anticipate a future revenue decrease of more than 20%.
- 12% of companies expect a future revenue decrease of 0-20%.
- 39% of companies foresee their future revenue to remain at current levels.
- 34% of companies predict a future revenue growth of 0-20%.
- 11% of enterprises anticipate a future revenue growth of more than 20%.

Overall, 45% of companies express optimism, 39% remain neutral, and 18% harbor pessimistic views. Optimism continues to be the prevailing sentiment regarding the trend of income changes.

In terms of industry distribution, the 2023 results reveal the non-essential consumer goods industry exhibiting the strongest optimism, with half of the companies anticipating revenue growth of 0-20%, and a quarter expecting an increase of more than 20%. Following closely, industrial companies demonstrate a total of 45% expecting revenue growth, trailed by the financial services industry, with 38% of companies anticipating an increase in revenue. Meanwhile, across all sectors, a proportion of companies anticipate revenue declines, reflecting normal differentiation in business expectations. Notably, the materials industry exhibits the largest proportion of expected declines, totaling 40%.

## Market Dynamics or Corporate Views

“According to McKinsey’s analysis of fashion forecasts, the global industry will post top-line growth of 2 to 4 percent in 2024 ……US growth is expected to pick up after a relatively weak 2023, reflecting the slightly more optimistic outlook there” [29] (The State of Fashion 2024: Finding pockets of growth as uncertainty reigns)

“In 2024, the projected revenue of the U.S. automotive parts, accessories, and tire stores will amount to $92.3 billion, according to industry forecasts by Statista. …… The original equipment manufacturers (OEMs) and after-sales servicing and maintenance are the core revenue drivers of this industry [30] (State of Automotive Parts Manufacturing in 2024: Are Innovations Sidelined by Challenges?)

“Fitch’s Sector Outlook: Deteriorating Fitch Ratings expects an overall weaker demand environment for North American building products and materials companies in 2024…… Fitch projects nonresidential construction spending to decline moderately, residential remodel activity to remain soft and U.S. housing starts to be slightly lower, while public construction spending continues to grow. Fitch forecasts median sector organic revenues to be flat in 2024 after a forecast decline of 0.3% in 2023. Building materials companies, with a sizable share of revenues derived from public construction, will continue to outperform building products manufacturers, but could see lower volumes in 2H24 as nonresidential activity falls.” [31] (North American Building Products and Materials Outlook 2024)

## Insights for Chinese Enterprises in the United States

Judging from the consistently similar expected distribution and average results over the past four years, Chinese companies in the United States have demonstrated notable optimism and resilience. Nearly half of the companies hold bullish outlooks for future revenue, while 20% maintain a neutral stance, with only about 20% expressing bearish sentiments toward revenue. This overall confidence is highly encouraging.

Within each industry, due to varying industry characteristics, although there are fluctuations in expected distribution results, there exist firms that remain firmly optimistic alongside those that lean towards pessimism. Such differentiation is both normal and reflective of the actual operating conditions of these companies. It's imperative for companies to engage in more exchanges and discussions with successful firms that maintain a firmly optimistic outlook within their respective industries. This facilitates the identification of pragmatic strategies to overcome industry challenges and achieve growth.

## Insights for Chinese Enterprises Entering the US

Despite the more severe market conditions compared to previous years, half of the companies maintain steadfast expectations for revenue growth, underscoring the enduring investment value of the US market.

However, it's equally crucial to delve into the strategies of companies within specific industries that remain optimistic and resilient. Understanding their successful practices and achievements is imperative for making informed bullish decisions.

## 3.4 Survey question: What changes do you expect to occur in your company's new business investments in the United States by 2024?

### Survey Results

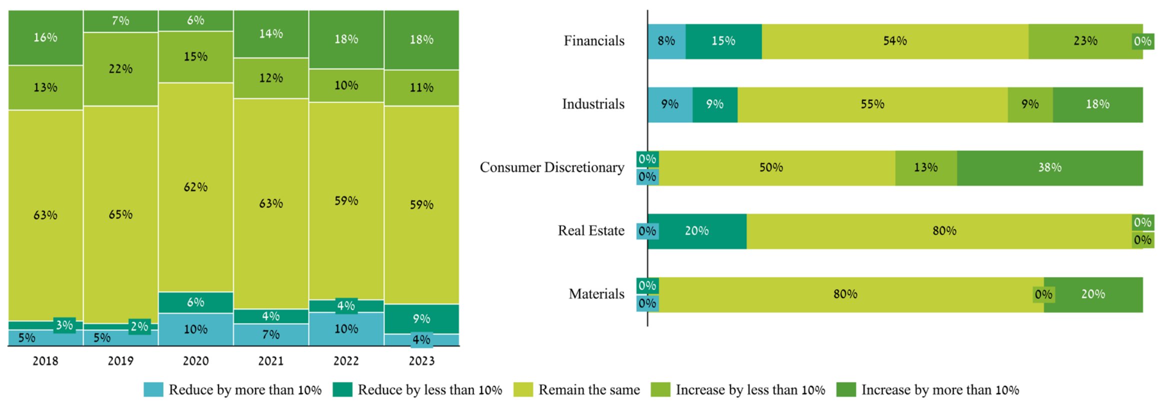



Figure 24A & 24B. How the investment of the surveyed companies in their US business will change in the next year from 2018 to 2023, and the distribution comparison of different industries in 2023

### Interpretation of the Data

In 2020, amidst the outbreak, the proportion of survey responses expressing bearish sentiments towards future investment significantly rose, spiking from a total of 7% in 2019 to 16%. Subsequently, it remained at 11%, 14%, and 13%. Conversely, neutral responses anticipating unchanged situations remained relatively stable over the past six years, ranging from 59% to 65%.

However, the overall proportion of respondents expecting an increase in investment, particularly those foreseeing a significant increase of more than 10%, has slightly risen since 2021. In 2020, the total bullish proportion was 21%, with 6% predicting a higher increase (>10%). From 2021 to 2023, these figures rose to 26%, 28%, and 29%, and 14%, 18%, and 18%, respectively.

Thus, the assessment of investment slowdown has largely stabilized over the past four years, while the proportion of companies optimistic about investment growth continues to increase. Overall, nearly 60% of Chinese companies in the United States plan to maintain stable investment in 2023, another 30% intend to increase investment, and only about one-seventh of companies will reduce investment. This reflects encouraging optimism, determination, and resilience.

Regarding the distribution across different industries, the non-essential consumer goods industry demonstrated the strongest optimism, with a rate of 51%, of which 38% anticipated an increase in investment of more than 10%, close to 40% of the industry total. This reflects a robust expectation of upward development. In contrast, the materials industry showed no inclination towards reducing investment, with 80% of companies opting to maintain the investment amount unchanged, while the remaining 20% firmly chose to increase investment by more than 10%.

### Market Dynamics or Corporate Views

"China-based lifestyle retailer Miniso is continuing its rapid expansion across the U.S., with plans for stores in a dozen new markets through a partnership with mall operator CBL Properties." [32] (Miniso Continues U.S. Expansion with Plans for 12 New Stores)

"SHEIN, a global online fashion and lifestyle retailer, today (2024.2.8) announced it will be opening a Seattle-area office in downtown Bellevue, expanding its growing U.S. footprint ...... SHEIN anticipates that more than 50 professionals will work from the new space by the end of 2024 and is currently hiring for a variety of positions to support logistics and distribution efforts across the U.S. [33] (SHEIN Expands U.S. Presence With New Seattle-Area Office)

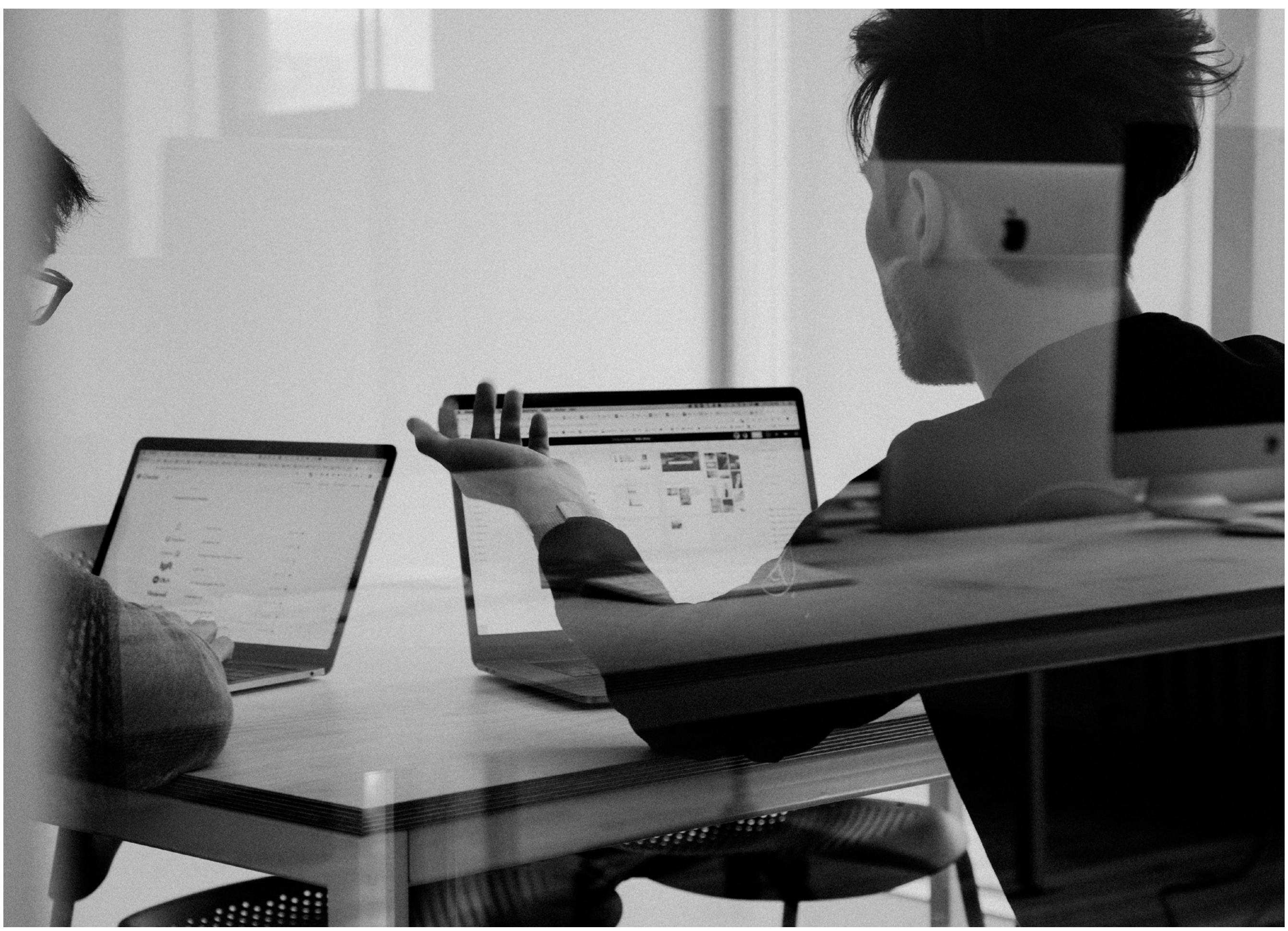
## Insights for Chinese Enterprises in the United States

Presently, the overall confidence of Chinese companies in the United States remains stable, with continued investment and a significant number of firms planning to increase their investment. The prevailing sentiment is one of optimism towards the market, with a commitment to active participation.

Given the consumer-driven nature of the US economy, the recovery and sustained resilience of the consumer goods industry are pivotal. Chinese companies operating within this sector have consistently demonstrated optimism and a readiness to pursue further development.

## Insights for Chinese Enterprises Entering the US

Despite existing challenges, Chinese companies possess ample opportunities for growth and profitability, with room for new entrants to thrive. Particularly within consumption-related industries, resilience is expected to be stronger, offering a greater likelihood of success.



# 05.

# Suggestions for Chinese Companies in the U.S.

These suggestions provide a comprehensive roadmap for Chinese companies navigating the complex and evolving landscape of the United States market. Here's a summary of the key points:

## For Chinese Companies in the United States

1. **Direct greater management attention towards enhancing and fortifying the internal capacity of the enterprise, while concurrently optimizing managerial proficiency to secure maximum capital resilience against external exigencies.**

   In response to prevailing macroeconomic trends, enterprises face formidable hurdles in effecting substantial change independently. Therefore, directing management attention towards bolstering internal resilience emerges as a prudent strategy. This entails a strategic pivot from external to internal considerations. It encompasses a meticulous examination of structural opportunities within the enterprise's operational domain, including the nuanced selection of market segments, precise identification of core clientele, intensified focus on flagship offerings, fortification of brand equity and marketing endeavors, meticulous management of distribution channels, and digital integration across the entire value chain to facilitate real-time insights into production and operational dynamics while fostering cost optimization.

   This recalibration involves refining erstwhile coarse managerial granularity, leveraging contemporary management software and methodologies to enhance operational transparency and efficacy. Simultaneously, it underscores the cultivation of a conducive corporate culture and heightened employee morale. Collectively, these efforts serve to elevate the operational prowess of the enterprise, endowing it with a distinct competitive advantage vis-à-vis industry peers and rendering it better equipped to navigate the vicissitudes of the external environment.

2. **Enhance horizontal exchanges among industry peers, particularly by leveraging insights from enterprises adept at navigating challenges.**

   Amidst prevailing environmental complexities and the pronounced disparities among enterprises at the micro level, gleaning lessons from standout performers represents a strategy of considerable efficacy. This approach aligns seamlessly with the core ethos of the China General Chamber of Commerce in the United States. The chamber's platform fosters interconnectivity and dialogue among Chinese enterprises operating in the United States, facilitating the exchange of developmental experiences and insights within a shared cultural and developmental context. Such platforms afford Chinese enterprises a prime opportunity to glean actionable strategies and best practices from their counterparts, thereby maximizing their applicability and potential impact. Beyond formal channels like the Chamber of Commerce, personal networks also serve as invaluable conduits for accessing relevant expertise. In essence, alongside internal enterprise exploration, direct engagement with pertinent success stories stands as a pivotal avenue warranting utmost attention and utilization.

3. **Focus on harnessing the optimal technological innovation and talent acquisition landscape within the US market for enhanced alignment.**

In recent years, Chinese enterprises operating in the United States have increasingly recognized the exceptional technological innovation ecosystem and the abundance of diverse talent within the market. The confluence of a robust market economy, cutting-edge technology infrastructure, and an inclusive immigrant culture underscores a pivotal characteristic of the US economy, offering a paramount competitive advantage for sustained growth. Establishing a symbiotic relationship between Chinese enterprises and these two distinctive advantages of the US market is essential for achieving seamless integration and competitive positioning within the target market. However, while these factors are widely acknowledged, empirical evidence suggests that only a minority of enterprises have effectively capitalized on them. Moving forward, the strategic imperative lies in establishing robust connections and leveraging the rich technological resources and high-caliber talent pool within the US market. Effectively tapping into these resources will be pivotal in propelling Chinese enterprises in the United States towards a new phase of development and market penetration.

4. **Leveraging the profound "consumption" dynamics inherent in the US economy, it's imperative for our business to establish a cogent connection with this overarching theme, thereby delineating a more coherent growth trajectory.**

The US economy thrives on robust and sustained consumer demand, permeating not only the direct-to-consumer (2C) sector but also the broader spectrum encompassing B2B2C and B2B industries indirectly catering to end consumers. This year's market analysis underscores the distinctiveness of non-essential consumer goods across various dimensions, underscoring the significance of this trend. This underscores the need for Chinese enterprises in the US to closely align with the consumption landscape, discerning trends and preferences at consumer touchpoints, and fortifying the nexus between their business offerings and consumption patterns. By doing so, we can refine our daily operational tactics within the broader ambit of our business strategy, thereby fostering a more symbiotic relationship with the pivotal driver of US economic growth. This strategic imperative holds particularly true for industries with indirect ties to end consumption. Here, the imperative lies in meticulously deciphering the implicit transmission logic and aligning it with our business objectives, thereby attaining strategic clarity and direction.

5. **Emphasize enterprise and product brand-building strategies tailored to the nuances of the US business landscape.**

The United States' developed market economy, coupled with its discerning consumer ethos, underscores the paramount importance of brand recognition. A robust brand, underpinned by product excellence and distinctiveness, holds sway over consumer purchasing decisions, often surpassing the influence of price considerations. This underscores the foundational role of brand strength in underpinning sustainable business cycles characterized by premium pricing, heightened profitability, and continual innovation within various consumer segments. Chinese enterprises operatingg in the United States must deeply internalize this market characteristic, transcending reliance on a singular "price advantage" strategy. Instead, there's a compelling need to pivot towards a strategic paradigm that prioritizes product quality and brand cultivation, leveraging contemporary marketing concepts and strategies. By progressively cultivating a formidable brand presence accepted and revered by the US market, enterprises can concurrently bolster product pricing strategies and enhance consumer acceptance. This, in turn, catalyzes a virtuous cycle propelling companies towards a trajectory typified by robust research and development, resilient brand equity, premium pricing, and elevated profitability —hallmarks of the US business milieu.

6. **Harness the sophisticated professional service industry in the United States to facilitate informed decision-making and agile management adjustments on critical professional matters.**

The US market's maturity and sophistication extends to its robust professional services ecosystem, encompassing strategic consultancy, financial advisory, legal counsel, tax consultancy, auditing, human resources, and other domains. This flourishing ecosystem, a testament to the dominance of the tertiary sector in the US GDP, reflects years of refinement and evolution, culminating in unparalleled efficiency and quality standards. This prowess not only distinguishes the US economy on the global stage but also furnishes it with a competitive edge. As newcomers to this well-established system, Chinese enterprises operating in the United States stand to benefit immensely from collaboration with these seasoned professional service providers. By tapping into their expertise, businesses can glean high-quality insights into the intricacies of the US market and receive tailored support for entry strategies. This strategic partnership facilitates a symbiotic relationship, fostering mutual growth and development within the US market landscape. Leveraging the proficiency and efficiency of US-based professional services, Chinese enterprises can navigate the challenging market environment with greater agility and precision, thereby amplifying their competitive advantage and positioning themselves for sustainable success.

## For Chinese Companies Entering the US:

1. Acknowledge and brace for the heightened complexities and challenges inherent in the evolving macro-industry environment in the United States and avoid complacency amidst success.

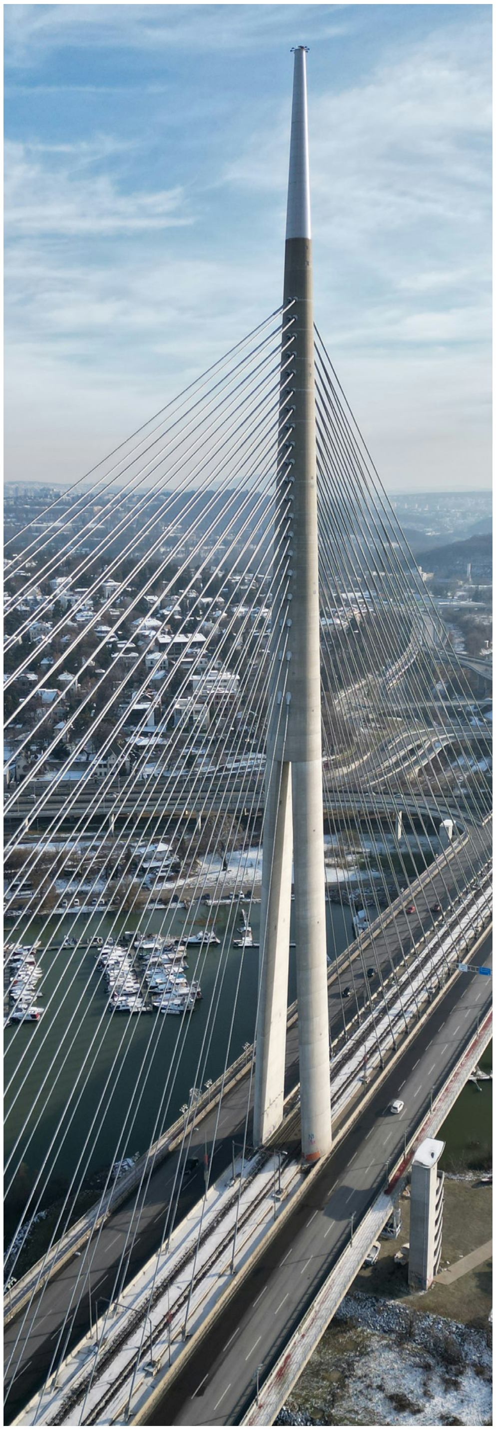
   Recent years have witnessed significant shifts in the macroeconomic landscape compared to previous eras, rendering the external milieu for Chinese enterprises in the United States notably more demanding and intricate. Consequently, the path to success becomes inherently more arduous, demanding a resilient mindset and proactive approach to surmount obstacles.

2. However, despite the daunting terrain, maintaining confidence in the US market remains paramount.

   Numerous Chinese enterprises across diverse industrial sectors have navigated these turbulent waters with aplomb, defying adversities to achieve commendable growth trajectories. Their successes underscore the efficacy of precise positioning and astute business management practices in weathering storms and realizing robust performance amidst adversity. For nascent entrants into the US market, this underscores the importance of strategic clarity and adept execution. By carving out niches within broader industrial landscapes and deploying sound business strategies, there exist ample opportunities for growth, even within industries characterized by fierce competition. Hence, while acknowledging the challenges ahead, maintaining a sense of optimism and strategic agility can pave the way for sustained success in the dynamic US market.

3. When devising precise market entry strategies for enterprises in the United States, meticulous attention should be devoted to deeply understanding the latest industry policies, market segmentation structures, and emerging opportunities. Leveraging the informational, talent, and service advantages of external professional institutions in these domains is imperative to laying a solid foundation for subsequent operations. This entails conducting comprehensive and in-depth research at this nascent stage to bolster the overall chances of success from inception.

4. Recognizing the pivotal role of local American employees in the successful development of businesses in the US is paramount, particularly given the substantial disparities in market regulations and legal frameworks between the two economic powerhouses of



China and the United States. Their expertise and familiarity with local market dynamics are invaluable assets for navigating complexities and fostering trust within the American industry landscape.

5. Early-stage decision-making should prioritize fostering exchanges and discussions with established Chinese enterprises already operating in the United States. Drawing insights from their experiences and breakthroughs offers invaluable perspectives for understanding the nuances of the US business environment comprehensively and objectively, thereby informing strategic decision-making.

6. Furthermore, it's essential to actively explore the symbiotic relationship between one's own business and the consumption-driven characteristics of the US economy. Identifying and capitalizing on this logical connection facilitates clearer track selection and delineates a cogent business growth trajectory aligned with prevailing market dynamics.

7. From the outset, establishing a forward-thinking brand identity and cultivating brand recognition through outstanding products and modern marketing initiatives are crucial imperatives. This proactive approach not only fosters smoother development but also positions enterprises for greater achievements in the competitive US market landscape.

# 06.

# About CGCC

Founded in 2005, China General Chamber of Commerce – USA (“CGCC”) has been recognized as the largest and most impactful non-profit organization representing Chinese enterprises in the U.S. With a mission to create value, generate economic growth, and enhance cooperation between the U.S. and Chinese business communities, CGCC offers a broad range of programs, services, and resources to over a thousand multinational members across the U.S.

As an independent, non-partisan, non-governmental chamber of commerce, CGCC’s work is made possible through the generous support of its member companies and corporate sponsors from both the U.S. and China, 43 of which are ranked on the 2023 Fortune Global 500. As of July 2023, CGCC’s Chinese member companies have cumulatively invested over $137 billion, employ more than 230,000 people, and indirectly support over one million jobs throughout the United States.

The Chamber’s experience of working with renowned institutions and distinguished business leaders across a broad range of sectors make it an essential platform for any business to better understand, engage with, and contribute to some of the most critical issues and deal-making between the world’s two largest economies. CGCC also publishes frequent research, including its flagship Annual Business Survey Report, which assesses Chinese Enterprises operating in the U.S. and identifies key trends and overall business sentiment.

# 07.

# About CGCC Foundation

Established in 2014,

CGCC Foundation is a 501(c)(3) tax-exempt organization.

The mission of CGCC Foundation is to deepen mutual understanding and cooperation between the United States and China through research, public charity and engagement in economic, cultural and social exchanges.

# 08.

# Acknowledgements

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